

INTEGRATED REPORTING:

Inspiring companies to integrate sustainability into their business strategy and practice?

Dissertation

in partial fulfilment of the requirements for a
Master of Philosophy in Environment, Society and Sustainability
Department of Environmental and Geographical Science

University of Cape Town

August 2014

Jonny Goldman

GLDJON005

Supervisor:

Dr Richard Hill

Department of Environmental and Geographical Science, University of Cape Town

Co-supervisor:

Professor Ralph Hamann

Graduate School of Business, University of Cape Town

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

PLAGIARISM DECLARATION

1. I know that plagiarism is wrong. Plagiarism is using another's work and to pretend that it is one's own.
2. I have used a recognised convention for citation and referencing. Each significant contribution to, and quotation in, this thesis from the work, or works of other people has been attributed and has been cited and referenced.
3. This dissertation is my own work.
4. I have not allowed, and will not allow, anyone to copy my work with the intention of passing it off as his or her own work.

ACKNOWLEDGMENTS

Supreme thanks to my wife and children for their motivation, support and understanding, and for giving me the freedom to enjoy my time spent on this dissertation.

My sincere appreciation goes out to my supervisors, Richard Hill and Ralph Hamann, who were able to guide me through the labours of preparing of this dissertation, allowing me to draw on, and grow, my capabilities.

Many thanks to my family and friends, whose heartfelt encouragement and bemusement spurred me along.

Finally, to my surprise, all the companies I approached agreed to participate in my research. I truly appreciate the opportunity afforded to me to interview key personnel at all the companies, whose generosity of time, knowledge and insight made this research possible.

ABSTRACT

This research focuses on the potential convergence between the ‘form’ of corporate sustainability (CS), represented by selected South African companies’ integrated reports (IRs), and the underlying ‘substance’ of CS, being the integration of sustainability into companies’ strategy and operations. The research also explores the extent to which organisational culture and management systems underpin and operationalise integrated reporting (IR) and CS. The research is approached from two perspectives: firstly, the research investigates the strategies and implementation of IR and CS independent of one another, and aims to reveal contemporary IR and CS practice and challenges; secondly, the research focuses on the potential relationship between IR and CS by seeking to identify any synergies between the IR and CS, and aims to provide insight into whether IR can further a company’s CS ambitions, and if so, how this occurs.

The research follows a case study research methodology, which is considered suitable for research into new fields given its predisposition to theory building. The cases were selected from those included in Ernst & Young’s Excellence in Integrated Reporting Awards for 2012 (EY 2012 survey), which reviewed and rated the IRs of the top 100 companies on the Johannesburg Stock Exchange (JSE). The sample includes a total of six companies selected from the above-mentioned top 100 companies, being two companies from each of three JSE super-sectors. Of the two companies in each super-sector, one company was recognised by the EY 2012 survey as having produced a superior integrated report and the other company had not achieved such recognition. A detailed review of each company’s two most recent IRs and sustainability report was undertaken to inform and facilitate meaningful and insightful interviews with appropriate personnel from various departments within each company, including corporate affairs and communication; environmental; strategy and business development; finance; sustainability; human resources; governance, risk and compliance; and corporate social investment. Primarily open-ended questions were posed to allow for the collection of qualitative, company-specific information on companies’ IR and CS strategies and implementation.

The broad-based adoption of IR in South Africa, in response to the JSE regulation requiring listed companies to produce an integrated report or explain why they have not, has provided a sound platform for revealing the early stages of IR practice. Although CS is not a new corporate discipline, it remains a somewhat contested corporate practice, evident from the broad spectrum of companies’ approaches to CS: these range from a basic compliance standpoint to more holistic synergistic strategies aimed at integrating CS into all parts of the business. Given the differing approaches to, and appetites for, IR and CS amongst the researched companies, the findings identify certain dominant themes of contemporary practice, and reveal opportunities for expanding and improving IR and CS. Indications are that management systems play an important role in the implementation of IR and CS strategies. IR, a relatively stand-alone corporate function, shows limited dependence on organisational culture, which is a key determinant for CS given its extensive reach within companies and reliance on employee buy-in for engaging with CS. The findings also uncover

other key insights into the multi-faceted relationships between IR, CS, organisational culture and management systems. Finally, although there are some synergies between IR and CS, these represent a more subtle, constrained IR and CS relationship.

To conclude, although the findings recognise that IR can stimulate a focus on CS in companies that have yet to seriously engage with CS, succeeding in IR does not appear for the most part to provide an indication of proficient CS capability, reflecting a decoupling of IR practice and success from that for CS.

TABLE OF CONTENTS

PLAGIARISM DECLARATION.....	ii
ACKNOWLEDGMENTS	iii
ABSTRACT	iv
1. INTRODUCTION	1
1.1. OVERVIEW AND RESEARCH RATIONALE.....	1
1.2. RESEARCH QUESTION AND OBJECTIVES.....	3
1.3. RESEARCH METHODOLOGY	5
1.4. LIMITATIONS.....	6
1.5. OUTLINE OF SECTIONS.....	7
2. LITERATURE REVIEW.....	8
2.1. INTEGRATED REPORTING	8
2.1.1. Institutional environment.....	8
2.1.2. What is IR?	10
2.1.3. Why is IR being promoted?	11
2.1.4. How to broaden the adoption of IR?	13
2.2. CORPORATE SUSTAINABILITY	15
2.3. ORGANISATIONAL CULTURE.....	22
2.4. MANAGEMENT SYSTEMS	26
2.5. RELATIONSHIP BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY.....	28
3. RESEARCH APPROACH.....	35
3.1. RESEARCH METHODOLOGY	35
3.2. RESEARCH SAMPLE	38
3.3. RESEARCH INSTRUMENTS AND PROTOCOLS.....	41
4. RESULTS AND DISCUSSION	46
4.1. INTEGRATED REPORTING	46
4.1.1. IR strategy and implementation.....	46
4.1.2. Management systems and access to data.....	48
4.1.3. Peer competitiveness	50
4.1.4. Corporate reporting.....	50
4.1.5. Assurance and external consultants.....	51
4.1.6. Discussion of findings on IR	52
4.2. CORPORATE SUSTAINABILITY	55
4.2.1. CS strategy and implementation	55
4.2.2. Management systems	60
4.2.3. Peer competitiveness	62
4.2.4. Communication and awareness	62
4.2.5. External consultants	63
4.2.6. Discussion of findings on CS	63
4.3. ORGANISATIONAL CULTURE.....	67
4.3.1. OC strategies.....	67

4.3.2.	Influencing OC	69
4.3.3.	Corporate principles and ideology	71
4.3.4.	Motivating performance	71
4.3.5.	Business transformation.....	72
4.3.6.	Discussion of findings on OC.....	72
4.4.	SYNERGIES BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY.....	74
4.4.1.	Relative maturity of CS and IR	74
4.4.2.	Integrated thinking	75
4.4.3.	Structure and coordination of CS	75
4.4.4.	CS metrics	76
4.4.5.	Standardisation and assurance	77
4.4.6.	Discussion of findings on the synergies between IR and CS.....	77
4.5.	RELATIONSHIP BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY.....	81
5.	CONCLUSION	89
	APPENDIX A: SEMI-STRUCTURED INTERVIEW SCHEDULE	92
	REFERENCES.....	94

ABBREVIATIONS USED:

CS	= corporate sustainability
GRI	= Global Reporting Initiative
IIRC	= International Integrated Reporting Council
IR	= integrated reporting
IRC	= Integrated Reporting Committee of South Africa
IRs	= integrated reports
IT	= information technology
JSE	= Johannesburg Stock Exchange
King III	= King Code on Corporate Governance for South Africa 2009
KPI	= key performance indicator
NGO	= nongovernmental organisation
OC	= organisational culture
SR	= sustainability report

TABLES USED:

Table 1: Corporate sustainability strategies
Table 2: Organisation culture sustainability strategies
Table 3: Steps to implementing CS
Table 4: Relationships between IR and CS
Table 5: Research on the selection and implementation of IR and CS strategies
Table 6: Research on the synergies and relationship between IR and CS
Table 7: Case study research methodology
Table 8: Company interviews
Table 9: Pertinent interview information
Table 10: Research material
Table 11: Corporate sustainability strategies – researched companies
Table 12: Steps to implementing CS – researched companies
Table 13: Organisation culture sustainability strategies – researched companies
Table 14: Synergies between IR and CS – research findings
Table 15: IR and CS ratings – researched companies
Table 16: Relationships between IR and CS – researched companies
Table 17: Ratings by research theme – researched companies (grouped by industry)
Table 18: Ratings by research theme – researched companies (grouped by IR rating)

GLOSSARY OF KEY TERMS:

The following glossary of key terms provides extracts from this dissertation related to terms considered to be important in understanding the text and discussions included in this dissertation.

Integrated reports: An integrated report should be a company's primary report, enabling stakeholders to assess the ability of an organisation to create and sustain value over the short-, medium- and long-term by bringing together financial and nonfinancial information to provide a holistic and integrated view of the context within which a company operates, and should: cover all material matters; show the interrelationships between such matters; and include the strategies to achieve the company's objectives and the progress being made to this end. For the purposes of this research, the 'form' of corporate sustainability refers to what a company reports on in its integrated reports.

Integrated reporting: Integrated reporting, the process of producing an integrated report, provides an impetus for companies to: identify and understand the interconnectivity and interdependence of the important relationships that exist within its business environment; strengthen the links between strategy and implementation, financial and nonfinancial performance, and internal and external contexts; promote multi-disciplinary analysis involving collaboration and transparent, open communication between various business functions; monitor and report on the progress being made in achieving integrated reporting goals; and improve decision-making and the ability to identify the potential consequences of decisions.

Integrated thinking: Integrated thinking is characterised by the merging of corporate sustainability into business strategies and operations so that it becomes indistinguishable from the normal way of thinking about and carrying on business, and encompasses the ability to assess the multi-faceted ripple effects of any business decision or action, thus highlighting the sensitivity of any given status quo to internal and external influences, such as changes in strategy, business decisions, operational adjustments and stakeholder relationships.

Corporate sustainability: Corporate sustainability, or corporate social responsibility, refers to a company's efforts to manage its relationships with, and meet its responsibilities to, society, including efforts to limit the harmful impacts and enhance the desirable benefits of its activities. For the purposes of this research, the 'substance' of corporate sustainability refers to the integration of sustainability into a company's strategy and operations.

Organisational culture: Organisational culture is founded on the social interactions of people within a defined group, who share certain underlying assumptions which, tried and tested over time, are considered to be workable and valid and are instinctively applied by the group's members in their daily routines, thus defining what constitutes acceptable values and behaviour.

Management systems: Management systems are a means to execute strategy by directing the behaviour of a company's members, and assist managers in their efforts to deliver on their prescribed organizational goals by regulating operational activity, managing information flow, defining decision-making criteria, allocating resources and monitoring performance.

1. INTRODUCTION

1.1. OVERVIEW AND RESEARCH RATIONALE

Companies have a legal status akin to citizenship, creating a basis for their roles and responsibilities in society which historically has primarily been confined to complying with certain distinct laws and regulations (Marsden, 2000). However, this reality has evolved of late, prompting an exploration into an expanding definition of corporate citizenship beyond the letter of the law. In this broader form, corporate citizenship, also referred to as corporate sustainability (CS) or corporate social responsibility, requires that companies manage their relationships with society by meeting societal expectations, limiting harmful impacts and enhancing desirable benefits of their activities (Marsden, 2000; Rondinelli and Berry, 2000). Furthermore, given the economic footprint of listed companies, with their revenues and market values representing nearly 80% and 90% respectively of global GDP in 2010 (Eccles and Saltzman, 2011), it is unsurprising that over the past few decades corporate behaviour has been attracting increased attention (Utting, 2005). Initially, company forays into CS were mainly reactive, triggered by unpopular corporate decisions and actions that had adverse environmental or social consequences (Porter and Kramer, 2006). However, over time, significant multi-level initiatives, ranging from local to global, and involving diverse actors, including companies, nongovernmental organisations (NGOs), government and civil society organisations, have spread the understanding, awareness and appreciation of the important role companies play in society (Eccles and Serafeim, 2011; Ioannou and Serafeim, 2011). This has spurred companies to be more strategic and proactive in approaching CS.

Delving further into the concept of CS invariably leads into the domain of sustainable development, or sustainability, a concept which has been, and continues to be, extensively researched, debated and contested (Giddings et al., 2002). Although sustainable development principles and ideas can be traced back to many sources in history (Mebratu, 1998), the contemporary origin is often ascribed to the Report of the World Commission on Environment and Development: Our Common Future, which famously stated that “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 41). The Report also featured the economy, society and environment as the three generally accepted pillars of sustainable development. These pillars were highlighted and formally introduced into the corporate realm by John Elkington’s well-known triple bottom line concept (Elkington, 1998). However, this explicit differentiation between the three aspects of sustainability may have had an unintended and undesirable effect of separating them from one another, instead of them being considered within an integrated, holistic framework (Giddings et al., 2002; Sherman, 2012).

Today companies are being subjected to more and more scrutiny in terms of their contribution to the health and balance of the world, with a particular activist-driven focus on their negative impacts (Utting, 2005; Marquis and Toffel, 2011). Environmental activism has achieved much traction, especially with the rising publicity of climate change and its publicised potential for dire impacts (Eccles and Serafeim, 2011). Social and governance aspects of companies are also topical, with stakeholders privy to more information and increasingly willing to hold corporate citizens accountable. Against this backdrop, companies are being asked, and sometimes forced, to play a more central role in balancing society's needs within the earth's environmental capacity, and to support efforts to achieve an equitable quality of life for all.

Corporate reporting is a medium through which companies formally, regularly and broadly communicate to all stakeholders. The recent conception of integrated reporting (IR) as a new variant of corporate reporting was most likely influenced by the sustainability movement, alongside the recognition that companies should be responsible for the adverse impacts of their activities, as well as being important role players in achieving a sustainable world (Krzus, 2011; Abeysekera, 2012). IR can be seen as an incremental step forward from the notions of sustainability and environmental reporting, or as a new dimension reflecting an entirely new approach where businesses are internalising the principles of sustainability into their strategy and operations, and showcasing these efforts in their integrated reports (IRs) (Krzus, 2011). According to this latter view, there is an intrinsic link between IR and CS.

This research focuses on the desired convergence between the "form" of CS, that is what companies report in their IRs, and the underlying "substance" of CS, that is the integration of sustainability into companies' strategy and operations. The research also explores the organisational culture and management systems that underpin and operationalise IR and CS.

The need to introduce IR to the developing countries of the world, where regulation and enforcement is light, could be most pressing. Pressure on companies to act sustainably can emanate from various sources, including government regulation, consumer and civic activism, NGOs, media, non-governmental regulators like stock exchanges and networks such as business lobbies (Utting, 2005). Because IR is accessible to all, it becomes a showroom of companies' activities for interested parties and can activate various forms of pressure on companies to act sustainably.

1.2. RESEARCH QUESTION AND OBJECTIVES

The research question and objectives are stated below. Further background and rationale to provide context to the research question and objectives is provided in Chapter 2 (LITERATURE REVIEW) and Chapter 3 (RESEARCH METHODOLOGY).

The research question is as follows:

How are companies integrating sustainability into their businesses, and what role can a sound integrated reporting process play in their corporate sustainability efforts?

The research objectives are as follows:

Research objective 1: integrated reporting

Understand the IR strategies that companies have selected and executed (with reference to organisational culture and management systems).

The following are some of the questions the research aims to address in terms of this objective:

- 1.1. What strategies have companies selected for adopting IR?
- 1.2. To what extent has the IR process been integrated into business strategies and operations?
- 1.3. How has organisational culture facilitated the adoption of IR?
- 1.4. How have management systems been adapted or introduced to support the IR process?

Research objective 2: corporate sustainability

Understand the CS strategies companies have selected and executed (with reference to organisational culture and management systems).

The following are some of the questions the research aims to address in terms of this objective:

- 2.1. What strategies have companies selected for adopting CS?
- 2.2. To what extent have companies integrated sustainability into their business strategy and operations?
- 2.3. How has organisational culture facilitated the adoption of CS?
- 2.4. How have management systems been adapted or introduced to integrate sustainability into the business?

Research objective 3: synergies and relationship between IR and CS

Understand the synergies and relationship between the IR process and the integration of sustainability into the business.

The following are some of the questions the research aims to address in terms of this objective:

- 3.1. Is there a link between the success companies have enjoyed in producing IRs and the extent to which they have integrated sustainability into their business?
- 3.2. Are there synergies between the selection and implementation of IR and CS strategies?

1.3. RESEARCH METHODOLOGY

The research approach follows a case study research methodology, which is considered suitable for research into new fields given its predisposition to theory building (Eisenhardt, 1989). Case study research methodology calls for the selection of specific cases from a defined population that curtails undesirable variations amongst the selected cases (ibid.). Ideally the cases should represent opposing or diverse scenarios, with four to ten cases considered sufficient (ibid.). This research aligns with these key considerations. Firstly, the population is the same as that used for Ernst & Young's Excellence in Integrated Reporting Awards for 2012 (EY 2012 survey), which reviewed and rated the IRs of the top 100 companies on the Johannesburg Stock Exchange (JSE) (EY, 2012). Secondly, the case selection criteria aims to include in the research sample, for each of three JSE industries, a company recognised by the EY 2012 survey as having produced a superior integrated report and a company that has not achieved such recognition. Thirdly, the research sample includes six cases.

A detailed review of each company's 2011 and 2012 IRs and latest sustainability report (SR) was undertaken to facilitate meaningful and insightful interviews. Interviews were semi-structured, and primarily open-ended questions were posed to allow for the collection of qualitative, company-specific information and to obtain insight into the companies' strategies and operations. The interviews were organised to cover the following main research themes: IR, CS, and organisational culture, with management systems being explored in the IR and CS sections.

This research is approached from two perspectives. Firstly, the research investigates IR and CS independent of each other, exploring the strategies companies have adopted for each, and then turning to the implementation of such strategies including an understanding of companies' organisational culture and the use of management systems. This part of the research addresses research objectives 1 and 2, and aims to provide insight into whether there are common approaches and challenges in terms of selecting and implementing IR and CS strategies, thus revealing current IR and CS practice.

Secondly, the research focuses on the potential relationship between IR and CS to identify whether selecting and properly executing either an IR or a CS strategy provides companies with the capability to succeed in the other. In addition, the research aims to identify synergies and commonalities between the OC and the management systems that have facilitated the operationalisation of IR and CS. This part of the research addresses research objective 3, and aims to provide insight into whether the adoption of IR can further a company's CS ambitions, and if so, how this has occurred.

1.4. LIMITATIONS

No research has been undertaken to validate the results of the EY 2012 survey. It is probable that questions can be raised on the validity of any survey that qualitatively rates something, such as the EY 2012 survey on IRs. However, the qualifications of the adjudicators of the EY 2012 survey, being senior members of the College of Accounting at the University of Cape Town, as well as the international recognition of EY (previously Ernst and Young) as a reputable consultancy, lend themselves to the credibility of the survey's results.

The digital recording of the interview with Company C2 was not accessible due to technical problems with the sound quality of the recording. As such, no quotes from the interview were possible. However, certain information from the interview was able to be utilised in the findings, based on notes taken, the audibility of some of the interview, and the ability of the researcher to recall some parts of the interview.

Although each researched company was asked to make certain specified company personnel available for the interviews, the selection of the interviewees was at each researched company's discretion. In all cases, the interviewees were suitable to respond to the questions posed and comment on the research themes. Despite being requested, no line-of-business operational personnel were made available for any of the interviews.

This research relies extensively on the responses provided by the researched companies' interviewees. A comparison of the information made available in the interviews with the researched companies' corporate reports did allow for some validation. However, the research findings were more oriented to information unavailable in the public domain, and therefore difficult to corroborate.

The extant literature on IR and CS is largely positively inclined towards IR and CS respectively, thus mainly proselytising the virtues of these themes. However, it will be shown later in the discussion of the findings that there are limitations to IR and CS, and they are not the incontestable balm to resolve corporate challenges of sustainability. Furthermore, the extant literature on IR often touts the drivers, benefits and justifications of CS as the same for IR, when they are, in fact, different from one another. As such, CS virtues should not be used indiscriminately to promote IR.

1.5. OUTLINE OF SECTIONS

This introduction chapter is followed by a literature review in Chapter 2, which provides a backdrop to integrated reporting and corporate sustainability as the main foci of this research, and introduces the research sub themes, namely organisational culture (OC) and management systems, as well as the relationship between IR and CS.. Each of these themes is explored by reviewing pertinent extant literature and related frameworks which informs the basis for the inclusion of each theme in the research.

Chapter 3 covers the research methodology, outlining the case study research methodology that is adopted for this research, the selection of the sample of case studies included in the research and the instruments and protocols that are utilised. This section positions the multi-faceted nature of this research which is designed to explore the strategies and operationalisation of IR and CS independently, with due reference to organisational culture and management systems, as well as the potential relationship between IR and CS.

Chapter 4 puts forward the research findings, and classifies the findings into five separate sections by research theme, namely IR; CS; OC; the synergies between IR and CS; and the relationship between IR and CS. The findings on management systems are embedded in the sections dealing with IR and CS respectively. A discussion of the research findings is included at the end of each of the above-mentioned sections covering each research theme. A final section evaluates the evidence in light of the potential relationships between IR and CS.

Chapter 5 houses the conclusions of the research, effectively summarising key aspects of the findings and discussion, and thus revealing the value this research has offered.

Appendix A is included containing the semi-structured interview schedule of questions used to guide the interviews.

2. LITERATURE REVIEW

The literature review that follows is aligned to the research question and objectives, and is categorised into the following themes:

- integrated reporting (IR),
- corporate sustainability (CS),
- organisational culture (OC),
- management systems, and
- relationship between IR and CS.

2.1. INTEGRATED REPORTING

The listing requirements of the Johannesburg Stock Exchange (JSE) are aligned, and oblige compliance, with the King Code on Corporate Governance for South Africa 2009 (King III) (Solomon and Maroun, 2012). This means that all companies listed on the JSE, for financial years beginning on or after 1 March 2010, are required to compile an integrated report as part of their annual reporting cycle, or explain why they haven't done so (IRC, 2011; Solomon and Maroun, 2012). Since IR is a new form of corporate reporting, there is limited practical guidance on the preparation and content of IRs. This is the first instance internationally where IR has been made mandatory, with companies listed on the JSE trailblazing in their IR efforts. This section covers the following underlying IR topics: the institutional environment; what IR is; why IR is being promoted; and how to broaden the adoption of IR.

2.1.1. Institutional environment

There are a number of institutions spearheading the drive towards IR. IR has its roots in the ideological aims of CS, and being a formal system of reporting, requires appropriate frameworks and guidelines. This does not mean that the end product should be overly technical and cumbersome. Conversely, one desirable aspect of IR is the application of materiality and therefore brevity in reporting only on key matters (IRC, 2011). Applying the adage 'less is more' is often more difficult, and requires more expertise than providing volumes of data. For companies listed on stock exchanges, gathering, aggregating and reporting information is no small matter, requiring sound coordination, systems and clear goals. In relation to nonfinancial information, which comprises relatively new content and is a significant component of IRs, these reporting efforts demand considerable attention (Rochlin and Grant, 2010; Eccles and Saltzman, 2011). In the interest of facilitating consistent, comparable IR across industries and regions, the direction and leadership of IR institutions is essential.

An influential global institution involved in sustainability reporting is the Global Reporting Initiative (GRI), which was founded in 1997 (Eccles and Serafeim, 2011; GRI). The GRI's mission is to "To make sustainability reporting standard practice by providing guidance and support to organizations" (GRI, 2011: p. 2). The GRI's current assessments, based on comments from reporting organisations collected as part of a worldwide survey, reveal that stand-alone sustainability reports are currently more relevant to companies (GRI, 2012). However, the GRI recognises the growing prominence of IR based on the same survey which reflects reporting organisations' expectations for IR to become more prevalent in the near future (ibid.). Accordingly, one of the GRI's formal priorities is to facilitate the transition from sustainability reporting to IR (ibid.). It is therefore unsurprising that the GRI was one of the main organisations involved in the formation of the International Integrated Reporting Council (IIRC) in August 2010 (Eccles and Serafeim, 2011). The IIRC is arguably the most significant global institution currently driving the IR agenda, and is intended to be a representative, democratic, participatory organisation that is empowered to facilitate the broad-based buy-in necessary for a global undertaking like IR (IIRC, c). The IIRC has released three key documents as part of a recent process to provide the first international framework for IR: an IR discussion paper (September 2011), a draft framework outline (July 2012) and a prototype of its final framework (November 2012) (IIRC, b). These efforts culminated in the release of the international IR framework (December 2013) (IIRC, d).

In the South African context, a recognised champion of IR and its principles is the King Commission, whose King III report has been well received nationally and internationally, evident in the appointment of Professor Mervyn King, the chairman of the King Commission, as the chairman of the IIRC (IIRC, a). Professor King is a former Judge of the Supreme Court of South Africa and a previous chairman of the GRI Board of Directors (currently Chairman Emeritus of the GRI), and as the chairman of the committee responsible for publishing the King I, II and III Reports on Corporate Governance he is recognised and respected internationally as a strong advocate of corporate governance. Many of the recommendations of King III have been integrated into legislation with the promulgation of a new Companies Act in South Africa, highlighting the recognised standing and repute of King III. Furthermore, as previously stated, the JSE, as part of its listing requirements, requires compliance with the most recent King Report, namely King III (Solomon and Maroun, 2012; SAICA, 2010).

The Integrated Reporting Committee of South Africa (IRC) was formed in May 2010, and is also chaired by Mervyn King (SustainabilitySA, n.d.). Its remit is to provide the basis for standardised good practice in IR and aims to align to IIRC and King III guidance (ibid.). In January 2011, the IRC issued a Discussion Paper on a *Framework for Integrated Reporting and the Integrated Report*, making it the first attempt worldwide to provide guidance on IR (Eccles and Saltzman, 2011; IRC, 2011). The pressure on JSE listed companies to compile IRs would have created a national demand for such a publication, which also has utility globally given the growing interest in IR, as reflected in the IIRC's activities.

Finally, there are a number of other institutions that operate in the sustainability field that are, to differing degrees, active in the support and promotion of IR, such as the World Business Council for Sustainable Development, The Prince's Accounting for Sustainability Project, and various consultancies, such as AccountAbility and SustainAbility on the global stage, and Incite and Trialogue in South Africa. In fact, one of the recognised challenges of IR is the proliferation of competing IR frameworks and guidance, with at least 18 having been issued by this growing body of organisations (Eccles et al., 2011). This is clearly a welcome indicator of the demand for direction in producing IRs, and an important function of the IIRC will be to harness this momentum to create internationally recognised IR standards (ibid.).

With IR still laying down its foundations, there is much to be done in the political and regulatory arenas, as proponents of IR busy themselves with promoting the formal adoption of IR as an international standard in corporate reporting, following South Africa's example. This requires hands-on institutional leadership and presence, which looks to be in place.

2.1.2. What is IR?

IR, at first glance, is simply altering the way information is compiled and reported by companies. However, upon closer scrutiny of the frameworks and guidelines, IR represents a pivot towards CS as an indispensable facet of corporate existence. As stated in King III: "current incremental changes towards sustainability are not sufficient – we need a fundamental shift in the way companies and directors act and organise themselves" (IODSA, 2009: p. 9). "The overarching objective of an integrated report is to enable stakeholders to assess the ability of an organisation to create and sustain value over the short-, medium- and long-term." (IRC, 2011: p. 3).

An integrated report should be an organisation's primary report, bringing together financial and nonfinancial information in a single document (Eccles and Krzus, 2010; IIRC, 2011; IRC, 2011). IRs should provide a holistic and integrated view of the context within which organisations operate, covering all material matters and showing the interrelationships between such matters (IIRC, 2011; IRC, 2011). It should include organisations' objectives, the strategies they develop and deploy to achieve such objectives and their performance towards achieving these objectives (ibid.).

IRs should be able to stand-alone, requiring sufficient information and background to enable all users to fully comprehend their content (IRC, 2011). IRs should describe organisations' business activities and the environment in which they operate, and reveal where their major challenges lie (IODSA, 2009). IRs need to provide a balanced assessment of companies' performance, past and future, identifying both positive and negative impacts of the business, and explaining plans to enhance such positive and reduce the negative impacts (ibid.). IRs should incorporate a temporal scale that infuses short-, medium- and long-term considerations into companies' thinking and approach to business (IRC, 2011). Disclosures on governance

should show how oversight and stewardship enable organisations to operate and make decisions responsibly, and influence the organisations' integrity, culture, ethics and relationships (IIRC, 2011). Finally, IRs should explain how employees and management are incentivised and remunerated, which will allow users to assess what aspects of individual performance are being encouraged and rewarded (IIRC, 2011; IRC, 2011). Ultimately, IRs would provide insight into how organisations are able to sustain and create value by effectively managing risk, opportunities and scarce resources (IODSA, 2009; IRC, 2011).

So what is different between current corporate reporting and IR? Current reporting is generally characterised by being backward-looking, highly technical and complex, financially biased, silo-oriented, and opaque or silent on environmental, social and governance (ESG) matters (IIRC, 2011; Krzus, 2011). Current reporting is more quantitative than qualitative, making it difficult to assess the context and landscape of organisations' operating environments. By embracing sustainability and the associated transformation of how to conduct business in its corporate reporting, as envisaged by IR, organisations will find it less challenging to meet the expanding information needs of its stakeholders (Rochlin and Grant, 2010).

2.1.3. Why is IR being promoted?

IR is being encouraged for four main reasons: IR is a welcome alternative to current, oft outdated reporting practices; IR delivers value to reporting organisations; IR offers benefits to stakeholders; and IR can influence corporate behaviour. These will be elaborated on below.

The first reason is that IR provides a practical solution to the limitations of current reporting practices in a drastically changed world. Globalisation, economic crises, increased consumption due to both population growth and rising economic prosperity in emerging markets, strained environmental capacity to support current demand, and technological advances, amongst others, have significantly changed the environment that businesses operate in (IIRC, 2011). IR has been developed to cater for this new operating reality. The nature of the information provided in IRs is intended to give users of IRs insight into the value-sustaining and value-creating capability of an organisation (ibid.). A review of the recommended content of IRs as espoused in the current IR guidelines leaves little doubt in terms of the valuable content of IRs. The content of IRs includes, but is not limited to governance (how an organisation is organised and controlled, and how decisions are made); transparency (open communication of all key matters, including positive and negative aspects); materiality (what thresholds have been used to determine what has and has not been disclosed); capitals (contextualising the various inputs that organisations require); risk (the organisations' exposure and sensitivity to disruption); and interconnectedness (explicitly linking organisations' performance and plans to various key considerations, such as strategies, operations, timing, risk and access to resources).

The second reason is that IR can add value to reporting organisations and its members (Eccles and Krzus, 2010). The process of producing an integrated report provides opportunities for companies to remodel their inner workings, which will assist their sustainability agendas. IR requires that companies are able to identify and understand important relationships that exist within its business environment (Epstein and Roy, 2001; Eccles and Krzus, 2010; IIRC, 2011). Clarifying the interconnectivity and interdependence of its key variables can provide insights that improve decision-making, especially when such decisions require trade-offs (Eccles and Krzus, 2010; Epstein et al., 2010). IR also strengthens the links between strategy and implementation, financial and nonfinancial performance, and internal and external contexts (Eccles and Krzus, 2010). Monitoring and reporting on such relationships, and the progress being made in achieving related sustainability goals, requires appropriate metrics and indicators (Epstein and Roy, 2001; Eccles and Krzus, 2010). This type of multi-disciplinary analysis involves employees from various business functions, breaking down barriers to collaboration that might have existed and enabling transparent, open communication that feeds innovation (Eccles and Krzus, 2010; Krzus, 2011). Another benefit is improved risk management, especially reputational risk, which relies on the ability to identify the potential consequences of decisions. Ultimately, this enables companies to make better, informed decisions. Superior sustainability reporting and performance, as required by IR guidelines, are often seen as a proxy for sound management of companies, and as such offers the promise of lower capital costs (Dhaliwal et al., 2010; Eccles et al., 2011; Churet and Eccles, 2014).

The third reason is that IR benefits stakeholders (Eccles and Krzus, 2010). IR is a key business-to-stakeholder communication medium that is intended to publicise information internally, to employees and directors, and externally, to investors, business partners, suppliers, customers, regulators, industry representatives, NGOs, academics, consultants and the public (Crittenden et al., 2011). Its broad appeal is linked to the balanced, understandable and relevant content that it offers (IRC, 2011). This opens up opportunities for companies to improve and deepen relationships with stakeholders, facilitated by an appropriate stakeholder engagement process (Eccles et al., 2012a). IR aims to provide stakeholders with information relevant to their decision-making, notwithstanding the possibility that such information may not be favourable to them (Eccles and Saltzman, 2011; IIRC, 2011). Companies may need to have some difficult discussions with stakeholders, given that clarity on companies' decision-making and priority-setting may please some stakeholders but not others (Krzus, 2011). However, this allows companies to engage openly and transparently on such potential conflicts, making compromise, negotiation and resolution more likely. Employees would also be expected to gain insight into their employers' sustainability position from its integrated report, especially in large companies (Eccles and Saltzman, 2011). The processes required to monitor and gather sustainability metrics, and highlighting the importance of continuously improving such metrics throughout the organisation via performance indicators, will raise the prominence and relevance of sustainability amongst employees (Morsing and Oswald, 2009). Eccles et al. (2012a) posit that superior stakeholder engagement, based on transparency and honesty, provides firms with a source of competitive advantage in the long-term.

The fourth reason why IR is being encouraged is that reporting influences corporate behaviour (Iaonnou and Serafeim, 2011; IIRC, 2011). Reporting on sustainability practices requires companies to focus attention on understanding and managing such matters (Iaonnou and Serafeim, 2011). It also motivates companies to be adept at assessing and managing their own strategic position, and how it is going about achieving its strategic objectives (Eccles and Krzus, 2010). Because of this expected two-way influence between IR and CS, the benefits of both are often grouped together. This makes an assumption that both IR and CS are pursued in parallel, and that once adopted, IR and CS strategies are integrated into companies' operations and behaviour (Morsing and Oswald, 2009). Accordingly, IR guidelines and literature highlight a more expansive list of benefits, emphasising the link between reporting on sustainability and sustainability performance, as well as the value this can offer companies (Eccles and Krzus, 2010; Eccles and Saltzman, 2011; IIRC, 2011; IRC, 2011).

However, one aim of this research is to look at whether companies do, in fact, cultivate both IR and CS goals together, and the extent to which they keep apace of one another. As such, the benefits of IR and CS are not taken to be the same, and will be explored independently in this research. This reflexive character of IR is addressed in more detail in Section 2.5 (RELATIONSHIP BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY) which investigates the relationship between IR and CS, and how IR can play a role in the pursuit of CS and its key determinants.

It should be noted that no counterpoints or opposing views to the proposed beneficial nature of IR have been found in the extant literature. This could signal that, as a new corporate practice, critiques on IR may still be forthcoming in the future. Alternatively, it could be that there are, in fact, no fundamental objections to IR being an improvement to current corporate reporting practice.

2.1.4. How to broaden the adoption of IR?

Universal adoption of IR is considered to be a fundamental aim of IR proponents (Eccles and Saltzman, 2011; Eccles and Serafeim, 2011). This would allow for comparability of IRs across industries and locations and would accelerate and expand the institutional support structures for IR, including the development of improved frameworks, guidelines and policies. More clarity on the practical implementation of IR would deliver meaningful standardisation of reporting data, such as industry-specific nonfinancial metrics, something the GRI has already spearheaded in relation to sustainability reports. Taken together, comparability and standardisation of IRs can facilitate benchmarking at various levels, such as at company-, industry- and national-levels, and enhance analyses of companies' performance, thus supporting the capital market processes to efficiently allocate capital (Eccles and Serafeim, 2011).

There are two ways to expand the adoption of IR by companies. Firstly, this can be done on a voluntary basis, where companies retain the choice as to whether or not they will adopt IR (Eccles and Serafeim, 2011; Iaonnou

and Serafeim, 2011). Given the dearth of practical guidance and experience in IR, advocates of this approach believe that this is an appropriate step in the direction of a broader adoption of IR (Eccles and Serafeim, 2011). This approach relies on overlapping pressures to deliver sound IRs, driven primarily by market forces and companies' internal mechanisms. Companies focused on a competitive differentiation strategy would strive to produce IRs that are recognised as being better than its competitors (Bebbington et al., 2009; Eccles and Serafeim, 2011). IR users' expectations of the quality and content of IRs would evolve with an increase in the number of IRs, spurring further integration of IR data into investor and market analyses of companies' performance (Iaonnou and Serafeim, 2011; Churet and Eccles; 2014). Over the past decade there has been a marked increase in companies producing sustainability reports voluntarily, reflecting the growing influence of the above pressures, and a rising interest in nonfinancial information (Eccles et al., 2011; Iaonnou and Serafeim, 2011).

Secondly, IR can be enforced on a mandatory basis, where some form of formal regulation requires that companies adopt IR (Eccles and Serafeim, 2011). As IR gains support, there is a realisation of the need for a stronger regulatory stance. Government, regulators and stock exchanges have the necessary policy tools to compel organisations to submit IRs, such as enacting legislation or introducing stock exchange listing requirements (*ibid.*). Such blanket regulation has the appeal of levelling the playing field, forcing an 'across-the-board' adoption of IR. This creates a uniform requirement on all qualifying organisations, forces the development of workable frameworks and guidelines, and facilitates comparability and analyses of IRs.

Although companies respond to normative and regulative influences, each respectively described in the two paragraphs above, mimetic pressures seem to have some far-reaching effects (Bebbington et al., 2009). Here, companies are sensitive to what their peers are doing and seek to keep up with or outperform their competitors (*ibid.*). Companies that are forced or coerced to produce sustainability reports focus more on compliance than on delivering quality reporting (*ibid.*). However, sound standard-setting and a broad based adoption can mitigate this leaning towards a compliance approach. Once all companies produce IRs, and do so according to certain accepted standards, simply adopting IR no longer differentiates a company. Such differentiation must then shift to the content of IRs, a desirable progression towards advancing IR and possibly also CS.

2.2. CORPORATE SUSTAINABILITY

Multinational companies, emboldened by the spread of free market principles and unrestricted by borders, have a global reach that even surpasses that of national governments (Marsden, 2000; Utting, 2005). This has made them exceedingly powerful, capable and prosperous. Added to this, a retreat by national governments from certain governance roles ushered in by neo-liberal ideology and the challenge of governing a globalised economy has provided impetus to the call for improved corporate responsibilities and ethics (Roberts, 2003; Utting, 2005). This pressure on companies is now being brought to bear as companies are being subjected to difficult questions on their role in, and contributions to, the state of the world and its people (Marsden, 2000; Utting, 2005). In response to this, companies around the world are increasingly focusing on issues of corporate sustainability (CS) (Utting, 2005; Aras and Crowther, 2009). Although there are various definitions of CS, it can broadly be described as companies' efforts to manage their relationships with, and meet their responsibilities to, society (Marsden, 2000; Rondinelli and Berry, 2000). A stated aim of CS is to minimise the negative and maximise the positive effects of doing business (Marsden, 2000).

Pivotal to sustainability is the subject of capital scarcity (Crittenden et al., 2011; Eccles and Saltzman, 2011; IRC, 2011). Traditionally organisations have focused mainly on financial, manufacturing, intellectual and human capitals. However, ever more organisations are recognising the contemporary reality that social and ecological capitals need to be addressed, especially due to the growing intolerance of their negative impacts often treated by companies as externalities (Epstein and Roy, 2001; Eccles and Krzus, 2010). Companies that appreciate this are incorporating the consideration of social and ecological capitals into strategic and operational thinking, as well as risk management processes (ibid.). Fuelling this realisation are increasing regulations of ecological capital (Banerjee, 2008; Porter and Kramer, 2011). These can take the form of carbon taxes and emissions controls, leading to the monetisation of environmental externalities (ibid.). Further impetus is coming from environmental crises of varying scale that have either hampered the procurement of natural materials, such as oil and water shortages, or have disrupted companies' operations, such as storms and tsunamis (ibid.). Allied to this, social inequality and injustice are eroding the stability of nations and regions, both in political and societal terms. The knock-on effects of these social ills, propelled by unemployment, poverty, inequality and strained access to essential services, is resulting in labour and activist pressures that are constraining business operations (Eccles and Saltzman, 2011; Eccles et al., 2012a), especially, but not exclusively, in emerging markets.

Companies that acknowledge these pressures, and begin the process of engaging with sustainability, are challenged by the varied interpretations of what CS is and, consequently, how it can be achieved (Porter and Kramer, 2006; Aras and Crowther, 2009). This need not be a stumbling block: current thinking suggests that there are various paths to achieving CS, and that each company can select an approach compatible with its strategy, plans and values (Marsden, 2000; van Marrewijk, 2003; Porter and Kramer, 2006). The starting point

is to look at *who* companies are responsible *to*, which sheds light on *what* companies are responsible *for* (Epstein and Roy, 2001).

Historically shareholders and their enabling capital market intermediaries have been considered the primary audience of companies, referred to as shareholder theory. Shareholder theory gives rise to two CS approaches: firstly, a compliance or regulatory approach where companies' managers, who are given discretion to act, choose to primarily comply with regulations; and secondly, a shareholder value approach, where the main purpose of firms is to maximize shareholder value (Massie, 2010), as popularised by the following famous Milton Friedman quotes: "the business of business is business" (Marsden, 2000: p. 10); and "the only responsibility of business is to make a profit" (Roberts, 2003: p. 255 citing Friedman (2008)). However, with the growing interest of various parties in corporate behaviour, it is becoming increasingly problematic to ignore the principles of stakeholder theory, which holds that companies are beholden to a number of parties with legitimate interests in companies' activities (Massie, 2010; Crittenden et al., 2011). On this basis, the purpose of companies is expanded to deliver net benefits to all their stakeholders (Crittenden et al., 2011). This does not necessarily mean that companies are responsible for resolving all of society's problems (Porter and Kramer, 2006). It is recognition that companies are answerable to more than just their investors, but not at the peril of its investors as this would also not be sustainable (Krzus, 2011). Finally, societal theory, the notion with the broadest corporate accountability, posits that companies are integral to society and proactively work to meet society's needs (van Marrewijk, 2003).

Companies' licence-to-operate is practically granted by a number of constituencies, and hinges on companies' ability to manage expectations of their role in society (van Marrewijk, 2003; Eccles et al., 2012c). It could be argued that in today's corporate climate, ignoring CS could expose businesses to numerous risks and limit growth opportunities, implying that CS is, in fact, in the interest of companies' shareholders (Epstein and Roy, 2001; Eccles et al., 2012a). Wide acceptance of this argument would signal a convergence of the three approaches to CS, making them co-dependent. To which of these alternate approaches companies align does matter: it is defined by the values of companies, their overarching objectives and their predisposition to sustainability, which all affect their approach to CS (Marsden, 2000).

This progression of proclivity towards sustainability can be seen as stepping stones, each representing a higher order of ambition, maturity and capability (Marsden, 2000; van Marrewijk, 2003). This way of thinking is valuable both to proponents of CS, who can identify where companies are positioned and gently pressure them to take incremental steps forward, as well as to companies themselves, who can benchmark their CS approach against competitors, and better manage and understand their internal progress towards CS (Marsden, 2000). Companies also have differing appetites in their pursuit of their above-mentioned chosen approach to CS, ranging from passive, where companies are somewhat in denial of the importance of CS, to reactive, where

companies primarily respond to imposed pressures, to proactive, where companies appreciate the importance of CS and seek out opportunities to make it work (Marsden, 2000; van Marrewijk, 2003).

Table 1 below summarises the CS strategies outlined by van Marrewijk (2003) and Marsden (2000). In line with the discussion above, each author's CS strategies are based on an escalating inclination towards CS, from Strategy 1 to Strategy 3, and have been mapped together: while this does not mean that each author's strategies are identical, they do possess sufficient similarities to facilitate such an alignment. The approach links to the above discussion on the role of companies and to whom they are accountable. The description draws on the dominant characteristics of each strategy. Following after Table 1 are brief explanations of each of the strategies listed in Table 1, based on van Marrewijk (2003) and Marsden (2000).

Table 1: Corporate sustainability strategies

	Van Marrewijk (2003)	Marsden (2000)	Approach	Description
Strategy 1	Compliance Driven	Managerial Satisficing	Compliance Approach	Focus: regulatory requirements; civic responsibility; strategic philanthropy CS outcomes: CS is independent of core business activities Accountable to: management
Strategy 2	Profit Driven	Shareholder Value	Shareholder approach	Focus: profit-motive, share price and dividend performance CS outcomes: CS initiatives directly linked to financial indicators Accountable to: shareholders
Strategy 3	Synergistic	Triple-bottom Line	Stakeholder approach	Focus: integrating CS into the business; long-term value; minimising risk; maximising opportunity CS outcomes: creating shared value for all stakeholders Accountable to: stakeholders / society

Two of van Marrewijk's strategies have been excluded from the above table. Firstly, a "Caring" strategy, an intermediate step between Strategies 2 and 3 and which is absent from Marsden's model, espouses more focus on CS initiatives beyond compliance and profit motives. Secondly, a "Holistic" strategy, coming after Strategy 3, embodies an idealistic viewpoint of companies and individuals as universally responsible to all beings.

Strategy 1: Companies aim to discharge their responsibility to society primarily by complying with regulatory prescriptions and providing some philanthropic assistance which are mostly independent of core business activities.

Strategy 2: CS is motivated by a business case that enhances or protects financial performance, measured by profits, share price or dividends. Those elements of CS that are justified by a shareholder value rationale are considered integral to companies' core activities, and are therefore integrated into business practice.

Strategy 3: CS is treated as a long-term value proposition where environmental and social objectives are elevated to the same importance as economic and financial goals. A central component of this approach is the pursuit of synergies, where businesses aim to generate value for themselves, as well as their stakeholders, in a balanced manner. CS is fully integrated into companies' strategies, values and activities.

Marsden (2000) posits that most companies still follow shareholder theory, and are in denial in relation to higher order societal proactivity. However, the findings of corporate research conducted by Ernst and Young (Press release at September 6, 2002: www.accountingweb.nl), as cited by van Marrewijk (2003), showed that CS featured on the Board of Directors' agenda at 73% of company respondents, that 94% believed a CS strategy might result in improved financial performance, but that only 11% were actually implementing CS. Nguyen and Slater (2010) reinforce this in their research that looked at 31 companies drawn from the "Global 100 Most Sustainable Corporations in the World" compiled by Innovest Strategic Value Advisors. This research shows that approximately two thirds of the selected companies outperformed their competitors based on a three year average (2005 – 2008) of return on assets, revenue growth and share value appreciation, highlighting the potential financial benefits of CS. However, this raised questions on the one third that did not outperform their peers, pointing to a gap between recognising and acting on the importance of CS and financially benefitting from this. Furthermore, it appears that of those companies that act, many are responding to external pressures using public relations interventions, with few choosing to integrate CS strategically (Porter and Kramer, 2006). Both the failure to integrate CS into strategy and the inability to operationalise CS can result in lost opportunities to make CS a valuable, competitive component of business practice.

The now-apparent interdependence between business and society means that both need each other in order to prosper (Porter and Kramer, 2011). This places companies at the centre of society in what Porter and Kramer (2006: p. 6) call a "competitive context", where companies need to assess themselves from two standpoints. Firstly, companies need to understand their context in order to clarify the position that they hold in society, which in turn will assist them in defining their CS agenda, a process that Porter and Kramer (2006: p. 6) define as "outside-in linkages". Secondly, companies need to recognise the actual and potential consequences of their businesses on society, both positive and negative, and be sensitive to the fact that these consequences have a temporal quality, as they evolve over time, and a spatial element, depending on where companies operate, a process defined as "inside-out linkages" (Porter and Kramer, 2006: p. 5). This dichotomy of companies' place in society is corroborated by Epstein et al. (2010) who encourage companies to examine their external context, including factors such as where they operate and their regulatory settings, as well as their internal context,

emphasised as having the most profound impact on corporate behaviour as it influences organisational culture and provides answers to the key questions of why and how CS should be tackled.

The body of reasons that prompt companies to adopt CS is growing, comprising a mix of philosophical and empirical motivating factors. As more companies engage with CS, and as more research into CS is undertaken, additional evidence becomes apparent and testable, shifting the underlying reasons from philosophical to actual, experience-based drivers. The value proposition for, and benefits of, CS can be classified into three categories: internal, external and regulatory (Eccles and Saltzman, 2011). Internal benefits are those that involve interventions within companies themselves that provide assistance on or improvement to how companies operate. By instilling sustainability values into their corporate ethos, companies may impose constraints on their activities by only pursuing opportunities that are aligned to their sustainability values, and may experience higher costs due to increased spending on employees or only sourcing materials from select suppliers that meet their supply chain criteria, for example (Eccles et al., 2012a). However, this selective approach to business can improve companies' performance and competitiveness by focusing efforts on strategic aspects of their businesses, leading to, inter alia, focused product and new market development and innovation; attraction and retention of talented people; and a trustworthy supply chain (IRC, 2011; Eccles et al., 2012a). It also means that managing and planning for access to scarce resources becomes a key strategic focus, uncovering solutions to greater efficiencies and cost savings (IRC, 2011). Furthermore, this approach should make decisions on allocating companies' resources more efficient and effective (Eccles and Saltzman, 2011). Engaging with employees on sustainability matters makes it easier for them to appreciate their role in achieving sustainability goals, and to understand the rationale and direction of companies' sustainability strategy (Eccles and Saltzman, 2011; Eccles et al., 2012b). Employee activism for sustainability, fuelled by greater social and environmental awareness, is on the rise and CS responds to this, making employees proud of their employers' contributions to society, as well as channelling this energy into productive efforts (Porter and Kramer, 2006; Porter and Kramer, 2011).

External benefits are those that evoke some form of positive reaction from sources outside companies, like capital markets. Eccles et al. (2012a) provide evidence that over a longer time frame, in their study an eighteen year period, companies that have chosen to integrate sustainability into their businesses outperform their peer companies, both in terms of stock market and accounting performance, as confirmed by Nguyen and Slater (2010). This is striking, as it shows that investment in sustainability practices may be linked to enhanced financial returns. Companies that can demonstrate to capital markets that they properly manage their environmental and social capitals can benefit from a lower financial cost of capital (IRC, 2011). This is because capital providers demand a higher return for companies with a perceived higher risk (Aras and Crowther, 2009). Stakeholder engagement can offer opportunities for companies to partner with erstwhile critics, such as NGOs and local communities, identifying initiatives that generate shared value, meaning that business and society both benefit (Utting, 2005; Porter and Kramer, 2011). Shared value efforts can include social programmes, such

as training and education that provides local communities with the skills local companies are seeking, as well as environmental interventions, where companies can reduce their environmental impacts thus improving the well-being of people living in proximity to their operations, or improve the environmental friendliness of their products (Porter and Kramer, 2011). Sound sustainability strategies appear to be providing consumer-facing companies with a competitive advantage, given that brands and reputation influence consumer choices (Crittenden et al., 2011; Eccles et al., 2012a). In the business-to-business sector, supply chains built on the basis of sustainability and shared value are more likely to be reliable, and sustainable companies are well placed to meet sustainability conditions that are included in their customers' supplier selection criteria (Porter and Kramer, 2011; Eccles et al., 2012a).

Finally, regulatory pressures are exposing companies to increasing risk (Eccles and Saltzman, 2011). Waiting until regulatory requirements become mandatory may expose companies to the risk of not being able to comply properly as new regulations become a reality. Embedding sustainability processes into businesses could pre-empt a rush-to-comply scenario when regulations become obligatory, and may even forestall the need for regulations (Marquis and Toffel, 2011). Although proactive engagement with CS can build capability to adjust to a fast- and ever-changing regulatory arena, such efforts are sometimes criticised as interventions merely aimed at avoiding regulations or influencing policy (Utting, 2005; Crane et al., 2014). Alternatively, the mobilisation of companies to address CS may rather reflect corporate concerns that by ignoring the negative externalities they impose on society, they are exposing themselves to demands for redress, and putting their licence-to-operate at risk (Porter and Kramer, 2006; Ioannou and Serafeim, 2011). The reality is that advances in scientific research are making it more feasible to allocate responsibility for negative externalities (Epstein and Roy, 2001). Thus sustainability strategies not only have the ability to deliver positive benefits to companies, but also provide the added benefit of helping companies to manage the negative consequences of not being able to respond quickly to regulatory pressures.

Clearly, there are opinions that challenge the idea that companies benefit from CS (Eccles et al., 2012a). In the short term, as companies invest in sustainability strategies, they will incur higher costs, but there is evidence that points to the fact that over time, such investments may deliver favourable returns (ibid.). Furthermore, although pursuing sustainability strategies can distract companies from their core businesses, aligning sustainability strategies to the businesses may refine and improve companies' strategic direction and competitiveness (Porter and Kramer, 2011; Eccles et al., 2012a). Finally, there are risks in implementing changes to pre-empt or avoid regulatory pronouncements, given the uncertainty involved in predicting these, but it may be riskier not to do so (Krzus, 2011).

One central challenge with CS is that it can take on numerous meanings based on various factors, such as differing perspectives of diverse stakeholders, geographical location, local culture and timing (Blowfield and Frynas, 2005). Inevitably, prioritising certain aspects of CS over others is bound to disappoint some parties and

draw criticism (Krzus, 2011). Opponents to CS tend to rally around the following schools of thought: CS does not belong in the business arena; CS cannot contribute to social and ecological advancement; and CS does not go far enough (Blowfield and Frynas, 2005). The first two, representing the more extreme and polar sides of the spectrum, both dispute the very existence of CS. The first argument advocates that the best contribution companies can make to society is to focus solely on economic motives, allowing others to tackle social and environmental imperatives matters for which companies lack the necessary expertise (Blowfield and Frynas, 2005). However, this perspective is being diluted, given growing corporate attention to CS in the face of rising activism and regulation on many fronts, and the reality that companies are being held accountable for their social and environmental impacts (Utting, 2005). The second argument proposes that CS is not sufficiently radical or revolutionary, and that CS is subverted by being housed within current notions of free-market economics (Blowfield and Frynas, 2005; Banerjee, 2008). Although this second viewpoint promotes sweeping reforms to the political economy alongside formal regulatory or legal obligations on companies (Utting, 2005), there is no evidence of any such wholesale changes to the current world order.

Given the growing uptake of CS by companies in many forms and for various reasons, the third argument encompasses pragmatic criticisms which revolve not around whether CS is timely and sagacious but rather concentrate on the sincerity and reach of CS practice (Blowfield and Frynas, 2005). This critique focuses more on the nature of current CS practice, including the normalisation of meaningful CS practice and the development of mechanisms to hold companies accountable for CS obligations (Utting, 2005; Crane et al., 2014). Accordingly, CS is not so much questioned existentially in its current form, but is rather probed in terms of its effectiveness. Although the first two arguments warrant attention, this research focuses on the extent and sufficiency of current approaches to CS, and the trajectory of future advancements to CS practice.

This leads to the all-important question of how to integrate sustainability into strategy and business. Much of the extant literature dealing with CS has focused on promoting, justifying and explaining CS, and has assumed that the integration of CS into operations and corporate behaviour will follow the adoption of a CS strategy (Morsing and Oswald, 2009). Unsurprisingly, this is not always the case – strategy only opens the door to implementing CS (Morsing and Oswald, 2009; Epstein et al., 2010). With companies becoming more convinced of the need to engage with CS, the research agenda is turning to focus on *how* to successfully implement CS. This is a new and emerging dimension of CS, and is critical to making CS practically achievable. There is a set of recurring enablers to the sound implementation of CS. First and foremost, it is fundamental that companies' leadership is sincerely motivated by the benefits of CS (Epstein et al., 2010; Nguyen and Slater, 2010; Eccles et al., 2012b). This starting point provides the springboard for the transformation required to integrate sustainability. The value proposition for, and benefits of, CS needs to be well-founded, supported and communicated. The second enabler, organisational culture, is an essential driver of organisational behaviour, and is therefore key to efforts to introduce CS into companies (Epstein et al., 2010). The third enabler is management systems, which translate strategy into action, support the achievement of set goals, and demand

a suitable, nurturing environment to be effective (Chenhall, 2003; Morsing and Oswald, 2009; Eccles et al., 2012b). Putting this all together, CS strategy is a precursor to implementation in which management systems provide the means to execute strategy in practice and organisational culture provides the glue that binds these efforts together (Crittenden et al., 2011).

The link between IR and CS can now be more clearly understood. The IR process requires companies to identify and understand the interconnectedness of its activities, which allows them to better appreciate the potential impacts of their decisions. As a result, companies will become more sensitised to the settings within which they operate (Eccles and Krzus, 2010). Consequently, companies that invest in producing proper IRs and report meaningfully on sustainability practices will need to focus attention on understanding and managing such matters (Iaonnou and Serafeim, 2011). Equally, companies that have done well in the integration of sustainability will be well-placed to produce IRs that can showcase their success.

2.3. ORGANISATIONAL CULTURE

Organisational culture (OC) is founded on the social interactions of people within a defined group, who share certain underlying assumptions based on their history together, and who define what constitutes acceptable values and behaviour (Wilson, 2001). These shared assumptions, tried and tested over time and considered to be workable and valid, are instinctively applied by the group's members in their daily routines (ibid.). Over time, a group's culture is influenced by various factors, and the shared assumptions change, are replaced, or are added to. These factors include the business environment, leadership, management practices and group socialisation (ibid.).

In adopting any form of change within an organisation, it is ultimately organisations' people that make such change possible (Zwetsloot, 2003; Epstein et al., 2010). As such OC, and how it influences people's behaviour, is an important determinant of change (Epstein et al., 2010). CS, as a new ideology in business, falls squarely into this domain, and an understanding of the culture companies are striving to nurture is an essential ingredient of their sustainability efforts, especially because CS touches on all facets of a business. Given the transformational nature of integrating CS, it is unsurprising that companies with a proven ability to undertake both incremental and large scale change are predisposed to tackle this undertaking (Eccles et al., 2012b). Furthermore, companies whose culture, values and principles are aligned and compatible with sustainability are better placed to incorporate sustainability into their businesses. Where such alignment is absent, companies will need time to make this cultural shift (Crittenden et al., 2011). Accordingly, OC has frequently been used to explain the underperformance, or failure, of change strategies (Linnenluecke and Griffiths, 2010).

Although there is a tenuous link between on-going organisational change and leadership, especially in large, mature companies, it is recognised that leadership does play a key role, and is often the catalyst for change (Wilson, 2001; Epstein et al., 2010; Eccles et al., 2012b). It is the responsibility of leadership to garner internal stakeholder support, and to do so with a sound value proposition (Eccles et al., 2012b). This sets in motion and defines what is to be achieved and the direction to be taken to achieve such goals (ibid.). The desired effect of such committed and consistent leadership is to inspire companies' employees, and to provide a framework that supports them in adopting the trade-offs required to make CS a reality (Epstein et al., 2010). Mobilising these informal systems of leadership and culture is considered an indispensable precursor to the more formal systems that are expected to follow (ibid.).

The type of sustainability that companies strive for, as well as the scale and urgency of the change it desires, influence their organisational change programme. This is reflected in the Table 2 below which aligns OC sustainability strategies put forward by Linnenluecke and Griffiths (2010) and Baumgartner (2009). These strategies are based on OC as a key determinant in the selection and implementation of CS strategies. Each author's strategies have been mapped alongside one another: while this does not mean that the strategies are identical, they do possess sufficient similarities to facilitate such an alignment. The maturity level refers to the complexity and sophistication of each of the OC sustainability strategies espoused in the models. The description outlines the main characteristics of each strategy in terms of focus, outcomes, accountability and the dominant driving factor.

Table 2: Organisation culture sustainability strategies

	Baumgartner (2009)	Linnenluecke and Griffiths (2010)	Description
Strategy 1	Introverted	Internal process	Focus: stability and control; rules-based; hierarchical; vertical communication CS outcomes: economic performance from production efficiencies; regulatory compliance Accountable to: management CS dominating factor: economic
Strategy 2	Conservative	Rational goal	Focus: efficiency and productivity; rational planning; instructional communication CS outcomes: operational- and eco-efficiencies Accountable to: shareholders CS dominating factors: economic and environmental
Strategy 3	Extroverted	Human relations	Focus: capacity building; participative; consensus; open communication CS outcomes: licence-to-operate; social entrepreneurship Accountable to: stakeholders CS dominating factors: environmental and social
Strategy 4	Visionary	Open systems	Focus: innovation; flexibility; adaptability; visionary communication CS outcomes: competitive advantage achieved by innovative economic, ecological and social sustainable development Accountable to: society CS dominating factors: economic, environmental and social

Baumgartner's (2009) model is based on the writings of Schein (1997), which looks at three underlying characteristics of culture: artifacts (the noticeable, visible elements that manifest as speech or action), values (the basis for response to given situations, where such responses are also artifacts) and basic assumptions (implicit, instinctive, taken-for-granted principles that help define values). This has been succinctly articulated as "beliefs the kinds of goals organizational members should pursue and ideas about the appropriate kinds or standards of behaviour organizational members should use to achieve these goals" (Morsing and Oswald, 2009: p. 85).

Linnenluecke and Griffiths' (2010) model uses the competing values framework, which maps cultural orientations based on two axes: the first axis looks at whether organisations are focused internally or externally, and the second axis looks at whether organisations are structured to facilitate control or flexibility.

Taken together, the CS strategies defined in both the above models reflect an incremental refinement of the underlying mechanisms supporting strategy. In a simplistic application of the theory, one could expect to find the presence of certain cultural characteristics in a company that has adopted a particular CS strategy. Looked at from another vantage point, certain cultural characteristics would suit the adoption of a particular CS strategy.

An additional aspect of organisational culture is the level of homogeneity within the corporate culture, commonly categorised into three perspectives (Wilson, 2001; Linnenluecke and Griffiths, 2010). Firstly, an integration perspective implies a relatively consistent organisation-wide culture reflecting a broad-based consensus amongst all employees (*ibid.*). Secondly, a differentiation perspective reflects the presence of a number of subcultures within organisations (*ibid.*). There may be some strands of similarity, and the subcultures can co-exist in harmony with one another and with organisation-wide cultural elements, and even though conflict might exist, it is generally predictable and therefore somewhat manageable. Thirdly, a fragmentation perspective involves a lack of clarity in terms of the coexistence of the various subcultures, ranging from consensus to conflict and ambiguity in terms of the responses evoked from each subculture. The reality, as can be expected, is that organisations may have elements of all three perspectives, especially when one looks at different functions, and hierarchical tiers, within organisations (Wilson, 2001).

Following from the above, an appropriate understanding of the OC present in companies can assist in the selection of an appropriate CS strategy. It can also inform the scope and timeline of intervention and change required to achieve a CS strategy. The less an OC is aligned to sustainability, and the more ambitious the CS strategy, the greater is the effort required to achieve success and the greater is the risk of failure. Furthermore, the characteristics of an OC can also point to the culture changes required to align with the choice of alternate CS strategies. This means that planning for increasingly ambitious CS strategies can be supported by associated OC change initiatives. Clearly adjustments to OC need to be accommodated based on the CS strategy companies are pursuing. Accordingly, OC becomes a mechanism of control to achieve the preferred CS strategy (Morsing and Oswald, 2009). These mechanisms range from softer interventions related to the social interactions of employees by promoting certain values, championing themes and encouraging lateral communication and collaboration, to the more formal approach of guiding behaviour by setting in place policies, procedures and plans (Adams and McNicholas, 2007; Morsing and Oswald, 2009; Linnenluecke and Griffiths, 2010).

The IR process itself can be seen as a means to inculcate CS into OC (Adams and McNicholas, 2007; Iannou and Serafeim, 2011). This could be achieved based on the various processes that are linked to IR, including those for gathering information, coordinating inputs from various areas within companies, setting CS objectives, selecting and monitoring CS indicators and reporting and publicising CS information internally and externally (Adams and McNicholas, 2007). Aligning the interests of all stakeholders is seen as fundamental to building the necessary trust for culture change (Adams and McNicholas, 2007; Eccles et al., 2012b). This means encouraging conversations between all involved parties, especially leaders, employees and external stakeholders, who should feel free to offer their opinions and who should feel confident that their contributions are welcome and valued (*ibid.*). Finally IR can communicate to stakeholders how CS benefits them and how it has been aligned with organisational values and business strategy (Rochlin and Grant, 2010;

Eccles et al., 2012b). Organisational change, and the OC it promotes, is therefore instrumental in supporting success in the implementation of IR and CS strategies.

2.4. MANAGEMENT SYSTEMS

Management systems are used as a means to execute strategy by directing the behaviour of organisations' members (Morsing and Oswald, 2009; Eccles et al., 2012b). Accordingly, they assist managers in their efforts to deliver on their prescribed organizational goals (Chenhall, 2003). This is achieved by regulating operational activity, managing information flow, defining decision-making criteria, allocating resources and monitoring performance (Epstein, 2001; Chenhall, 2003). The design and implementation of management systems are most effective when strategy, structure, culture and systems are all aligned (Epstein and Roy, 2001; Bhimani, 2003; Morsing and Oswald, 2009). As such, management systems can support strategy where there is good alignment, but can also hinder the achievement of strategy if they are in conflict with the set goals (Chenhall, 2003). Furthermore, IR and CS are complex undertakings given their novelty, their extensive reach within organisations and the limited availability of experiential evidence and guidelines, and are thus exposed to the risk of implementation failure (Nguyen and Slater, 2010; Eccles et al., 2012b). In addition, although management systems for IR and CS require the traditional, rational approach to system design, they must also adequately address OC and stakeholder expectations (Zwetsloot, 2003).

It is important to contextualise the role of management systems within the overall implementation of IR and CS strategies. Management systems are both defined by, and provide feedback that influences, the determination of strategies and the setting of goals. This is reflected in Table 3 below which aligns two approaches to implement sustainability strategies, as put forward by Zwetsloot (2003) and Eccles et al. (2012b). Adding to the above-mentioned importance of OC and leadership, these models introduce management systems as another key determinant in selecting and implementing CS strategies. The implementation steps for each approach have been mapped together; although this does not mean that the steps in each approach are identical, they do possess sufficient similarities to facilitate such an alignment. The description draws on the dominant characteristics of each approach. It should be noted that the Zwetsloot (2003) approach deals specifically with management systems. The Eccles et al. (2012b) approach relates more broadly to the overall implementation of CS. Nonetheless, it has been included in this section as it does explicitly deal with management systems, and provides comparable guidance to the Zwetsloot (2003) approach in terms of the pivotal role of management systems. This highlights the point that the determination of strategy, and the tools to implement such strategy, such as management systems and OC, are interdependent and need to be considered collectively.

Table 3: Steps to implementing CS

	Zwetsloot (2003)	Eccles et al. (2012b)	Description
Step 1	Doing the right things	Reframing the company's identity	Focus: strategy and goal setting; committed leadership; business case; stakeholder engagement; identifying shared value opportunities Outcomes: alignment of CS and business strategies; clarity on goals and direction; improved stakeholder relationships; enhanced risk management
Step 2	Doing things right	Codifying the new identity	Focus: employee participation; management system design and implementation; building internal support Outcomes: user acceptance of new systems; improved system design; clarity on employees' role and contributions
Step 3	Continuous improvement and innovation	A supportive organisational culture	Focus: change capability; communication; cooperation; building trust; experiential- and co-learning; training Outcomes: innovation; improved processes; cross-functional teamwork; ongoing improvements

In the context of developing appropriate management systems, the first challenge to be addressed is “doing the right things” (Zwetsloot, 2003: p. 203), or “reframing the company's identity” (Eccles et al., 2012b: p. 44). This involves defining the shared values that companies are striving to embrace, which should transparently reflect the interests of all stakeholders, internal and external, as prioritised by organisations' leaders (Zwetsloot, 2003; Eccles et al., 2012b). This process would include selecting IR and CS strategies, and articulating such strategies in terms of goals and outcomes, thus providing direction to companies (Chenhall, 2003; Rochlin and Grant, 2010; Eccles et al., 2012b). Clarity on the strategic goals enables their requisite translation into operational goals, which allows for links to be developed between overall strategy and the underlying steps to achieve such strategy (Chenhall, 2003; Eccles et al., 2012b). It also paves the way for engaging with companies' employees, whose support is needed both for the development and subsequent implementation of management systems (ibid.). Considerations of CS strategy have been covered in Section 2.2 above.

In the second step, the focus moves to “doing things right” (Zwetsloot, 2003: p. 204), or “codifying the new identity” (Eccles et al., 2012b: p. 47). This entails the nuts and bolts of the management systems, comprising the design and implementation of fit-for-purpose systems that would deliver specified outcomes. Although management systems may need to be developed to deliver on the new strategies, some that are already in place may only need to be adjusted to accommodate the new strategies. Involvement of all key personnel at this stage is considered fundamental to a successful implementation. This allows for the management systems to reflect the values and priorities of the systems' users, and to be considered practically useful in their achievement of their assigned organisational goals (Bhimani, 2003; Chenhall, 2003; Zwetsloot, 2003; Eccles et al., 2012b). Furthermore, linking employees' work to organisations' goals clarifies the role each person can play in achieving success (Eccles et al., 2012b). Such efforts to foster real, sincere buy-in by employees is crucial as it reduces employee resistance to the adoption of new or adjusted systems, puts in place relationships that will

be needed for lateral communication and coordination, and anchors the strategy in operational activities and decision-making, which all contribute to a suitable OC (Bhimani, 2003; Epstein et al., 2010; Eccles et al., 2012b). Management systems function within a certain context, and exhibit relationships with elements of companies' operating contexts, including the external environment, technology, structure, size, strategy and national culture (Chenhall, 2003). In addition, there are various control systems that can be combined within a system, such as accounting, personnel and integrative mechanisms (ibid.). Due consideration of these factors enhances the design of management systems (ibid.).

In the third and final step, the process should evolve to "continuous improvement and innovation" (Zwetsloot, 2003: p. 204) or "a supportive organisational culture" (Eccles et al., 2012b: p. 48). Here organisations need to open themselves up to on-going organisational learning, innovation and self-assessment, as well as the capability to manage organisational change, including incremental, transitional and far-reaching transformational change (ibid.). These higher order abilities are not readily switched on and off, and require mutual trust amongst employees (Eccles et al., 2012b). Organic structures are more suited to companies faced with uncertainty, such as new strategies in an evolving arena like CS, as they are more flexible and responsive to changing circumstances, as opposed to mechanistic structures which rely more on rules and standard procedures (Chenhall, 2003). Such organic structures also support open communication, cooperation and participation, which are key ingredients to experiential learning and innovation (Chenhall, 2003; Zwetsloot, 2003; Eccles et al., 2012b).

Inasmuch as the above steps are applicable to implementing CS strategies, they are also relevant to IR. IR itself is hinged on the formulation of its own strategy, structure and systems, as well as being integrated into the rest of the business (Rochlin and Grant, 2010). In order to produce a sound integrated report, companies need to have sound management systems that ultimately enable relevant information to be channelled into the IR process.

2.5. RELATIONSHIP BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY

Companies' efforts to adapt their business models, strategies and operations to changing conditions are of the greatest challenges in the business world. Companies that demonstrate this capability are well positioned to take the lead in adopting new and disruptive innovations and technologies, and gain a competitive edge (Crilly et al., 2012; Eccles et al., 2012b). IR and CS, as new and rapidly evolving dimensions to business practice, represent such opportunities and risks for companies.

Accordingly, companies are grappling to reconcile traditional corporate aims of enhancing shareholder value with new ideals of being responsible corporate citizens. Moreover, there remains much uncertainty in terms of

the regulatory forces associated with sustainability that may materialise. Markets are also raising their expectations of CS, and companies need to gauge the extent to which they will benefit from adapting their businesses and products to be more sustainable (Eccles et al., 2012a). Stakeholder activism is also on the rise in the face of heightened risk in a somewhat faltering globalised economy. All of this means that being nimble and able to champion change is a key corporate asset (Eccles et al., 2012b).

With a broad-based adoption of IR for all companies listed on the Johannesburg Stock Exchange (JSE), IR becomes a common platform for corporate reporting, providing a competitive and comparable reporting medium (Eccles and Serafeim, 2011). Proponents of IR may desire that reporting organisations adopt a more holistic approach to their business, but this is not a *fait accompli* in the adoption of IR. IRs are reporting instruments that provide information on companies to their users (IRC, 2011). Given that sustainability is an intrinsic component of IR, the extent to which companies have integrated sustainability into their businesses plays an influential role in the information delivered in IRs. Practically, companies would approach CS in different ways, and this should manifest in their IRs. Furthermore, companies would have succeeded to varying degrees in terms of their IR efforts. Consequently, there would be a range of scenarios representing companies' IR and CS accomplishments. This research recognises the pivotal relationship between IR and CS, both in terms of their theoretical interdependence and their practical implementation.

In terms of CS, some companies may have already begun the process of making sustainability a key consideration in their businesses prior to the introduction of IR, and could be expected to find IR useful as a means to communicate their efforts, and beneficial to further their sustainability endeavours. In terms of IR, some companies may have been better placed to adopt IR, possibly aided by experience in other forms of sustainability reporting and organisational capabilities suited to adopting IR. For companies that have been lagging in the integration of sustainability, a proper IR process could be a catalyst for CS and a convenient way to strengthen their CS processes as their key decision-makers improve their understanding of sustainability and appreciate its value to the organisations. However, IR could be adopted as a relatively stand-alone discipline, or with a comply-only attitude, limiting the impact of IR on the business.

Table 4 reflects this two-way influence between IR and CS, represented by four possible relationships between IR and CS.

Table 4: Relationships between IR and CS

	Superior integrated report	Inferior integrated report
Stronger sustainability	A $\checkmark \checkmark$ Superior integrated report that proficiently reflects substantive successes in integrating sustainability into the business.	B $\checkmark \times$ Inferior integrated report that does not do justice to the success the company has achieved in integrating sustainability.
Weaker sustainability	C $\times \checkmark$ Superior integrated report that includes sustainability considerations but is lacking in sustainability successes and may involve greenwashing.	D $\times \times$ Inferior integrated report that correctly reflects poor progress in integrating sustainability into the business.

Each of the relationships in Table 4 above (A, B, C and D) are now briefly explained.

Relationship A ($\checkmark\checkmark$): In this relationship, companies have produced a good integrated report, and have also succeeded in integrating sustainability into their business. Such companies value the opportunity to coherently report on their sustainability efforts, and would have invested appropriate resources to succeed in CS, and in producing their IRs. This is regarded as the highest order relationship, and the challenge would be to maintain this position over time. This relationship represents the attainment of the *form* (IR) and the *substance* (CS) of sustainability.

There are two possible scenarios where companies have succeeded in the implementation of both IR and CS. In the first scenario, companies that have successfully produced IRs may have the capability to benefit from this success in their CS efforts. This could represent a ‘feedback loop’ where IR can actually support and enhance companies’ CS capabilities. Accordingly, companies that invest in their capability to produce a good, substantive IRs would also be making progress in their ability to practically integrate sustainability into their business strategy and operations. In the second scenario, companies that have successfully integrated CS may have the capability to mirror this success in their IR efforts. In the second scenario, companies that have successfully integrated CS have the capability to mirror this success in their IR efforts.

Relationship B ($\checkmark\times$): In this relationship, companies have not produced a good integrated report, but have succeeded in integrating sustainability into their business. This contrast could exist where companies do not place significant emphasis on corporate reporting. This could be because they have other stakeholder interactions which are believed to deliver sufficient information, or it could reflect a desire to avoid being

overly transparent. These reasons would represent a conscious decision to limit the effort invested in preparing their IRs. Alternatively, this scenario could reflect the inadequacy of companies' systems and processes to report meaningfully, and such companies could still intend to deliver sound IRs, thus moving from *relationship B* to *relationship A* over time. This relationship represents success with the *substance* (CS) but not the *form* (IR) of sustainability.

Relationship C (xv): In this relationship, companies have produced a sound integrated report, but have not succeeded in integrating sustainability into their business. Such companies would have made some progress in integrating sustainability, and would be adept at positioning and publicising such efforts. Nonetheless, under closer scrutiny, limitations in the presence of sustainability throughout the business would be noticeable. Here, the omission of information from the integrated report is as revealing as what has been reported (Porter and Kramer, 2006). This relationship reflects a disjuncture between the *form* of sustainability, represented by an integrated report, and the *substance* of sustainability, being the tangible operationalisation of CS.

Relationship D (xx): In this relationship, companies have neither produced a good integrated report, nor succeeded in integrating sustainability into their businesses. In this case, companies could have consciously put sustainability aside, and would compile IRs solely as a means to meet regulatory requirements, such as King III, without sincere consideration of sustainability. Alternatively, it could be that such companies have simply not engaged much with sustainability, and have not embarked on any serious attempt to integrate sustainability. IR would probably be driven by a stand-alone process that has limited interaction with the business, and remains an isolated function. However, it could be argued that merely producing IRs would begin an unavoidable process whereby companies would begin to address sustainability, especially, but not only, where sustainability has not been consciously rejected. Accordingly, these companies could choose to move towards *relationship C*, the weaker sustainability choice, or *relationship B*, the stronger sustainability choice.

Two relationships reflect inconsistency that needs to be addressed, namely *relationships B and C*. *Relationship B* possibly poses less of an issue, where the substance of CS is in place, and working well, while the communication of CS through the companies' IRs is not of a high standard. In the absence pressure being brought to bear on companies, this status quo may remain in place. Alternatively, management may change course to deliver better IRs. This could be driven by external factors such as demands from stakeholders, capital markets or integrated report users, competitive pressure or regulatory requirements. On the other hand, internal dynamics within the companies could lead to improving IR. This could occur where CS has been implemented based on managerial consensus, as opposed to strategic motivations (Crilly et al., 2012). In this case, where CS implementation precedes CS strategy, a deliberate strategy may take form in due course, in an emergent manner, which could provide the impetus for better IR.

Relationship C is arguably more problematic, as the impressions given by the IRs misrepresent reality to some degree. It may be reasonable to assume that companies manifesting this relationship possess a sound understanding of sustainability, as would be required to produce a good integrated report. Marquis and Toffel (2011) describe this paradox as *symbolic compliance*, which occurs when “organizations seek to gain legitimacy amongst stakeholders by merely appearing to adopt institutionalized practices without actually implementing substantive changes” (Marquis and Toffel, 2011: p. 17). Marquis and Toffel (2011) discern between two approaches to *symbolic compliance*. *Decoupling*, the first, occurs when organisations do not practically implement their undertaking to comply with certain standards (ibid.). The second is *attention deflection*, which can take on two forms: *substitution*, where companies follow a course of action either to divert attention away from less appealing activities, or to avoid the imposition of stringent sanctions, standards or regulations; and *selective disclosure*, where companies adopt concealment strategies by disclosing and promoting complimentary information while censoring the more toxic features. *Attention deflection* reflects a deliberate choice by an organisation to avoid well-balanced reporting on positive and negative matters, also referred to as greenwashing (Utting, 2005). Although Crilly et al. (2012) document a similar scenario, which they term ‘evasive decoupling’ (Crilly et al., 2012: p. 1440), they also identify a more innocent and innocuous reason for this contradiction, which they term ‘emergent decoupling’ (Crilly et al., 2012: p. 1441). In this case, they posit that incongruence and dissension amongst managers of companies can impede implementation of strategy. Such dissension is further exacerbated where companies’ stakeholders also have contradictory and inconsistent expectations. This shows that failure to implement CS need not be deliberate, but can rather result from uncoordinated, opposing views on what strategy to adopt, and how to implement it.

There are mitigating forces that can limit *symbolic compliance* (Marquis and Toffel, 2011). These include stakeholder scrutiny, often aimed at larger, more visible organisations, especially those operating in industries with high environmental and social risks; an informed and empowered regulatory environment which is able to detect and take action against *symbolic compliance*; and a strong civil society which can mobilise social activism (ibid.). These risks of exposure, amongst others, deter companies from practicing greenwashing (Sherman, 2012). However, there are also circumstances that can make greenwashing more likely. Examples include opportunism amongst management and stakeholders to exaggerate their CS efforts; information asymmetry where external parties have limited knowledge of the internal workings of companies; and situations where management are inclined to follow personal or organisational goals that are at odds with CS (Crilly et al., 2012). It is possible that the nature of IR, as espoused in the current IR guidelines, can mitigate greenwashing. IR requires holistic information that connects the various aspects of a particular business topic together, and expects such reporting to provide a balanced message covering corresponding positive and negative components (IODSA, 2009; IIRC, 2011; IRCSA, 2011). It can be argued that such comprehensiveness limits greenwashing, although this would be predicated on a sound IR process; a poor or flawed IR effort, or one that aims to further a greenwashing agenda, may still provide greenwashing opportunities. Gaps between strategy

and implementation are not novel. However, as IR is still a new and emerging discipline, it remains uncertain whether IR can effectively combat greenwashing.

There are some other caveats to the above neat descriptions of the relationships between IR and CS, as presented in Table 4. Firstly, the proper compilation of IRs and the consideration of sustainability does not necessarily mean that a business will be more environmentally or socially benevolent. Rather it would mean that the principles of sustainability have been evaluated and linked into business strategies, and well reported on. It is quite feasible that some companies would consciously choose, after considering relevant sustainability criteria, not to integrate some or all of the components of sustainability into their businesses. However, such an outcome could still reflect some success as the consideration of sustainability would have been achieved. Such choices might reflect a desire to exploit short-term opportunities, a high degree of scepticism towards unverified environmental and social impacts of their activities, or a contrarian ideological viewpoint in terms of the responsibility of companies to society. Whether such outcomes would be agreeable to companies' stakeholders would remain a moot question.

Secondly, it is unsurprising that some companies may want their IRs to reflect well on them. Put differently, companies may prefer to highlight their best profile, emphasizing their wins. Airing dirty laundry, publicising bad news or simply disclosing unpopular activities and decisions can be tricky, and can have far-reaching consequences. Even in decent IRs, companies may not disclose decisions to exploit the environment or its employees, even where it is legally acceptable. Accordingly, IRs may not fully reflect weaknesses, risks and harmful issues. However, uncovering such material omissions without a detailed knowledge of the business may be difficult.

Thirdly, from an IR perspective, sustainability is taken to include all aspects of companies' performance, including companies' traditional drivers associated with its financial, manufactured, intellectual and human capitals, as well as environmental, social and governance matters. Accordingly, comprehensive IRs will cover all these aspects of the business. Although such comprehensiveness is desirable, this could result in complex IRs which attempt to cover too many issues. Although the required application of materiality to information included in IRs can counter this potential for IRs to be too comprehensive, defining materiality involves much subjectivity and depends on users' viewpoints and interests in companies. It can therefore be challenging to assess the extent to which IRs have provided a balanced overview of matters that are, in fact, material to businesses.

A final consideration relates to the use of management systems. There may be links and overlaps between the management systems used to integrate sustainability, those implemented for the compilation of IRs, and normal operational management systems which may have been modified to aid IR and CS processes. Any commonalities could point to a relationship between IR and CS efforts, as well as whether these commonalities

are desirable. Additionally, the nature of the IR and CS management systems, their business owners, and their reach into business and management functions, could shed light on the degree to which sustainability matters influence business processes. Lastly, the extent to which normal systems have been modified to include sustainability may reflect the degree to which sustainability has been normalised and operationalised in the business.

3. RESEARCH APPROACH

The research approach is presented below in the following sections:

- research methodology;
- research sample; and
- research instruments and protocols.

3.1. RESEARCH METHODOLOGY

This research is approached from two standpoints: firstly the research investigates IR and CS independent of each other, and secondly the research focuses on the relationship between IR and CS.

Firstly, in terms of the focus on IR and CS as independent of each other, the research explores the strategies companies have adopted for each, and then turns to the implementation of such strategies. This entails understanding the organisational culture (OC) of the companies, including any interventions to accommodate IR and CS. Thereafter, the research investigates the management systems that have been implemented, or adapted, to execute the selected strategies. This part of the research addresses research objectives 1 and 2.

The findings on these first two objectives provide insight into whether there are common approaches and challenges in terms of selecting and implementing IR strategies and CS strategies independent of one another, and reveal current IR and CS practice in terms of how companies are adopting and executing IR and CS strategies. The research findings are compared with the extant literature to either support the findings, or to possibly contribute new insights. Table 5 below provides an overview of this aspect of the research.

Table 5: Research on the selection and implementation of IR and CS strategies

Area of research	Strategies & motivations	Organisational culture	Management systems	Research foci
Integrated Reporting				What IR / CS strategies have companies selected?
				How are they executing the strategies (culture and management systems)?
Corporate Sustainability				Are there common approaches to executing such strategies?

Secondly, the research focuses on the potential relationship between IR and CS to identify whether selecting and properly executing either an IR or a CS strategy provides companies with the capability to succeed in the other. In addition, the research aims to identify synergies and commonalities between the OC and the management systems that have facilitated the operationalisation of IR and CS. This part of the research addresses research objective 3.

The findings on this objective provide insight into whether the adoption of IR can further companies' CS ambitions, and if so, how this has occurred. This clarifies the extent to which IR can be a catalyst for CS, which is a key value proposition for implementing a robust IR process. These research findings are also compared with the extant literature to either support the findings, or to possibly contribute new insights. Table 6 below provides an overview of this aspect of the research.

Table 6: Research on the synergies and relationship between IR and CS

Area of research	Strategies	Organisational culture	Management systems
Integrated Reporting			
Corporate Sustainability			
Research foci	<p>Are there synergies between IR and CS strategies and implementation mechanisms?</p> <p>Are companies that are succeeding in IR also succeeding in CS?</p>		

The research approach follows a case study research methodology as elucidated by Eisenhardt (1989). IR is a novel field, and as such a research methodology that supports theory building is considered appropriate. This methodology is sourced from Eisenhardt (1989) which elaborates the recommended research steps and the associated research activities and reasons. Table 7 below summarises this methodology, and cross-references each research step to corresponding sections in this dissertation.

Table 7: Case study research methodology (Eisenhardt, 1989)

	Research Steps	Research Activity	Research reason	Cross reference
1	Getting started	Definition of research question Neither theory nor hypothesis	Focuses efforts Retains theoretical flexibility	Chapter 1 Section 1.2
2	Selecting Cases	Specified population Theoretical, not random sampling	Constrains extraneous variations and sharpens external validity Focuses efforts on theoretically useful cases	Chapter 3 Section 3.2
3	Crafting instruments and protocols	Multiple data collection methods Qualitative and quantitative data combined	Strengthens grounding of theory by triangulation of evidence Synergistic view of evidence	Chapter 3 Section 3.3
4	Entering the field	Overlap data collection and analysis, including field notes Flexible and opportunist data collection methods	Speeds analyses and reveals helpful adjustments to data collection Allows investigators to take advantage of emergent themes and unique case features	Chapter 3 Chapter 4
5	Analysing Data	Within-case analysis Cross-case pattern search using divergent techniques	Gains familiarity with data and preliminary theory generation Look beyond initial impressions and see evidence through multiple lenses	Chapter 4
6	Shaping hypotheses	Iterative tabulation of evidence for each construct Replication, not sampling, logic across cases Search evidence for “why” behind relationships	Sharpens construct definition, validity and measurability Confirms, extends and sharpens theory Builds internal validity	Chapter 4
7	Enfolding literature	Comparison with conflicting literature Comparison with similar literature	Builds internal validity, raises theoretical level and sharpens construct definitions Sharpens generalizability, improves construct definition and raises theoretical level	Chapter 4
8	Reaching Closure	Theoretical saturation when possible	Ends processes when marginal improvement becomes small	Chapter 3 Section 3.2

The following research steps as recommended by Eisenhardt (1989) and listed in Table 7 will be addressed in Sections 3.2 and 3.3: (1) getting started; (2) selecting cases; and (3) crafting instruments and protocols. The following discussion responds to the remainder of the research steps recommended by Eisenhardt (1989), these being: (4) entering the field; (5) analysing data; (6) shaping hypotheses; (7) enfolding literature; and (8) reaching closure.

(4) Entering the field: The analyses of the collected data commenced during the period that the interviews were held in order to confirm that the insights from the interviews were pertinent to the research objectives, and to accommodate emergent themes, ideas and lines of questioning (*ibid.*). However, no adjustments were considered necessary to the schedule of open-ended questions (see Appendix A).

(5) Analysing data: the analyses of the collected data looked both at within-case and cross-case findings and themes, evident from the findings and discussions in Section 4.

(6) Shaping hypotheses: where possible, research evidence was accumulated from the various researched companies to look for recurrent, replicated themes and ideas. This aspect of the research methodology aims to confirm, reinforce, and where possible extend, the research results, presented in the findings and discussions in Section 4.

(7) Enfolding literature: appropriate comparisons were made between the research findings and the extant literature in the discussion of the findings in Section 4. This aims to assess the degree to which the findings are in line with that espoused in the literature. On the one hand, a reasonable match with the literature would provide further support for the research conclusions. On the other the mismatches between the findings and extant literature either indicate potential issues with the findings, or provide new insights.

(8) Reaching closure: this research step is relevant where the research is designed to include an unlimited number of research cases, and is not applicable to this research, which used a predetermined number of cases.

3.2. RESEARCH SAMPLE

The research sample is selected from companies that are listed on the Johannesburg Stock Exchange (JSE). Ernst & Young's Excellence in Integrated Reporting Awards for 2012 (EY 2012 survey) reviewed and rated the IRs of the top 100 companies on the JSE for company financial years ending in 2011, termed '2011 IRs'. The inclusion of companies in the top 100 was based on companies' market capitalisation as at 30 December 2011, being the last trading day in December (EY, 2012). The EY 2012 survey categorises the rankings of companies' IRs into four groups: companies' IRs were rated as being in the 'top 10', 'excellent', 'good' or 'progress still to

be made'. Furthermore, the JSE classifies companies into the following categories according to the nature of their business, starting with the most summarised category and then descending to more detailed categories: industry, super-sector, sector and sub-sector.

For this research, a sample of companies was selected as follows: six companies in total were selected from the above-mentioned JSE top 100 companies, being two companies from each of three JSE super-sectors. Of the two companies selected for each super-sector, one company was deemed to have a superior integrated report, with its 2011 integrated report rated in any of the top three groups as per the EY 2012 survey ('top 10', 'excellent' or 'good'). The other company in each super-sector was deemed to have an inferior integrated report, with its 2011 integrated report included in the EY 2012 survey's bottom group ('progress still to be made').

No adjustments were made to the original sample of companies selected, and all companies that were approached agreed to participate in the research. The three JSE super-sectors that were selected offered a broad sustainability perspective given that their combined business activities encompassed goods and services, their combined customer bases included businesses and consumers, and their constituent companies all have reasonable infrastructure requirements to support their business models.

Three themes related to the sample selection are highlighted by the case study research literature as important: population, the number of cases and the criteria to select cases (Eisenhardt, 1989). Firstly, the population is considered important as it defines the types of entities that will be considered for the sample (*ibid.*). An appropriate population can curb undesirable variations in the cases and limits exposure for generalising the findings (*ibid.*). In line with this consideration, the sample population for this research has been set as the top 100 JSE listed companies, who are all subject to the JSE's requirement to produce an integrated report or explain why they have not, and which allows for the selection of companies which operate under similar constraints and scrutiny.

Secondly, in terms of the sample size, the case study research methodology does not require a set number of cases be established (*ibid.*). Rather, new cases cease to be added when the incremental contribution of each additional case to gaining relevant data becomes minimal (*ibid.*). However, given that research can be subjected to certain constraints, such as limited time or funding, the research methodology does allow for the number of cases to be predetermined (*ibid.*). In this case, four (4) to ten (10) cases are recommended (*ibid.*). In terms of this research, the sample size of six companies falls within the range of the number of cases recommended.

Thirdly, the selection of specific cases in case study research is contrasted with random or statistical selection which aims to generate statistical evidence related to the population. Choosing particular cases is considered

sound practice for case study research, and it is further recommended that selected cases represent extreme or opposing scenarios, and are diverse, so as to be useful in expanding current theory (ibid.). The selected sample aligns with this recommendation of including a diverse array of cases representing polar situations, given the selection of companies with superior and inferior IRs covering three different JSE super-sectors.

Following on from the above, the intent is to include in the research sample companies that have been recognised as succeeding in their IRs, and corresponding companies in the same JSE super-sector that have not achieved such recognition. This provides a basis for the research to explore the four relationships between IR and CS that manifest in companies (see Section 2.5).

Accordingly, there are two motivations for the inclusion of the EY 2012 survey in this research. Firstly, the EY 2012 survey provides a sound population for the selection of a sample of companies. Secondly, the EY 2012 survey's ratings of companies' IRs allows for the research to include companies that have, and companies that have not, succeeded in producing an integrated report. This differentiation of IR success is one of the two variables used to classify the researched companies in terms of their IR and CS relationships. The other variable required to determine the researched companies' IR and CS relationships is CS success, which is derived from the research findings and is discussed further in Sections 4.5. Consequently, some background on the EY 2012 survey has been provided given that its rankings of the researched companies' IRs are incorporated in the research findings. It should be noted that no research was undertaken to validate the results of the EY surveys.

The College of Accounting at the University of Cape Town was appointed as the adjudicator for the survey, and comprised three adjudicators, namely Professor Alex Watson, Professor Mark Graham and Mr Goolam Modack (ibid.). The mark plan used in the EY 2012 survey was co-developed by the UCT adjudicators and EY's Professional Practice Group (ibid.). Due consideration was given to the following in developing the mark plan: the IRC's Discussion Paper on a Framework for Integrated Reporting and the Integrated Report (January 2011); the IIRC's IR discussion paper (September 2011); and the Summary of Responses to the IIRC's September 2011 Discussion Paper (May 2012) (ibid.). Ultimately, the mark plan was based on the five guiding principles included in the IIRC's discussion paper, namely strategic focus; connectivity of information; future orientation; responsiveness and stakeholder inclusiveness; and conciseness, reliability and materiality (IIRC, 2011; EY, 2012). In total, the EY 2012 survey's mark plan looked at "thirty three (33) specific aspects that should be present in an integrated report" (EY, 2012: p. 11). Furthermore, the EY 2012 survey (ibid.: p. 11) goes on to state that

“more emphasis is placed on the quality of information presented - the relevance, understandability, accessibility and connectedness of that information; whether users of the integrated reports would have a reasonable sense of the issues that are core to the operations of each of the companies and whether companies have dealt with the issues that users would have expected. This implies that more credit is given for crisply presented information that highlights relevant facts compared to the same information needing to be extracted from less relevant information.”

3.3. RESEARCH INSTRUMENTS AND PROTOCOLS

A detailed review of each company's 2011 and 2012 IRs and latest sustainability reports (SRs) was undertaken to identify indicators that could reveal information on the following: the IR and CS strategies that have been adopted; the degree to which CS has been integrated into the business; and the nature and content of the IRs. This review was instrumental in maximising the insights drawn from the research interviews. The interviews were organised to cover the following main research themes: IR, CS, and organisational culture, with management systems being explored in the IR and CS sections. Interviews were semi-structured and were guided by a schedule of open-ended questions (see Appendix A) designed to explore qualitative, company-specific information relevant to the research objectives and generally unavailable in the public domain. This approach allowed the interviews to probe and address areas considered to offer important and beneficial perspectives.

Although there was an expectation to use the researched companies' IRs as a source of evidence in the findings, with hindsight the content of the IRs and the evidence from the interviews were at two different levels. The findings from the interviews were considered to be more insightful, searching for answers behind the veil and extracting useful metadata. In contrast, the content of the IRs was deemed to shed less light on the underlying substance pertinent to the research aims. As such, the research findings are aligned with the interviews' content and not the IRs' content. Nonetheless, as stated above, the review of the IRs was invaluable in providing a context for the interview process.

Originally, the intention was to interview people responsible for three different functions at each researched company, namely an employee responsible for CS, an employee responsible for IR and an employee responsible for an operational aspect of the business. The rationale for this selection of company personnel was to obtain information that is both specific to the IR and CS processes, as well as information from a line of business manager to provide insight into the presence of IR and CS processes within the company's operating environment. This choice of targeted interviewees also aimed to collect information of both a strategic and operational nature, and to provide information related to the organisational culture. A formal written request,

in the form of a letter, was submitted to each company requesting its participation in the research, and included a request to interview employees with these above-mentioned responsibilities, as reflected in Table 8.

Table 8: Company interviews

	Interviewee	Interviewee Role	Interview Focus
Interview i	CS manager	Responsible for CS	CS strategy and implementation
Interview ii	IR manager	Responsible for IR	IR strategy and implementation
Interview iii	Line of business manager	Responsible for an operational function in the business	IR and CS integration into the business

The researched companies' personnel that were made available for the interviews are listed in Table 9. An operational line of business manager was not made available by any of the researched companies, and no explanation was provided by the companies for this. Nonetheless, the interviewees that were made available were able to address the topics at hand and respond adequately to the questions posed. Each interviewee has been assigned a numbered designation to ensure their anonymity, avoiding any references to individual interviewee's names.

In order to ensure the anonymity of the companies that participated in this research, the companies have been grouped and named based on the JSE industry that each company has been classified in instead of the JSE super-sector designations. The reason for this is that some JSE super-sectors are comprised of only two companies, being the researched companies selected for this research. No specific reference to the companies participating in this research will be made.

The company and interviewee designations included in Table 9 will be used to refer to specific companies and employees in the research results and findings. Table 9 also includes some other pertinent information relating to the interviews, such as: the JSE industry that each company operates in; whether the company was rated as having an inferior or superior integrated report in the EY 2012 survey; the company department each interviewee works in; and the interview date. The designation '(IR)' next to the company department indicates which interviewees are most directly involved in the IR process.

Table 9: Pertinent interview information

	IR rating in EY 2012 survey	Interviewee number, company department and interview date		
Industry A	Industry: basic materials			
Company A1	Inferior Category: Progress to be made	Interviewee 1 Corporate affairs (IR) Interview date: 15 August 2013	Interviewee 2 Communications (IR) Interview date: 15 August 2013	Interviewee 3 Environmental Interview date: 15 August 2013
Company A2	Superior Category: Good / Excellent / Top 10	Interviewee 4 Strategy and business Development Interview date: 16 August 2013		
Industry B	Industry: consumer services**			
Company B1	Inferior Category: Progress to be made	Interviewee 5 Sustainability Interview date: 26 August 2013	Interviewee 6 Corporate finance (IR) Interview date: 2 September 2013	
Company B2	Superior Category: Good / Excellent / Top 10	Interviewee 7 Sustainability Interview date: 29 August 2013	Interviewee 8 Governance, risk and compliance (IR) Interview date: 2 September 2013	
Industry C	Industry: consumer services**			
Company C1	Inferior* Category: Progress to be made	Interviewee 9 Human resources (IR) Interview date: 23 April 2014	Interviewee 10 Corporate social investment Interview date: 23 April 2014	
Company C2	Superior Category: Good / Excellent / Top 10	Interviewee 11 Corporate services (IR) Interview date: 22 October 2013		

* Company C1 did not produce an integrated report in 2011 and was therefore classified in the 'progress to be made' category in the EY 2012 survey.

** Although Industry B and C are in fact the same, the nature of the researched companies included in Industry B and C are differentiated at the JSE's super-sector, sector and sub-sector levels.

Table 10 summarises the research material relating to each company that was used for this research as described above. The reviewed corporate reports have not been referenced to protect the anonymity of the companies.

Table 10: Research material

	IR 2011	IR 2012	Latest SR	Research interviews
Company A1	✓	✓	✓	✓
Company A2	✓	✓	✓	✓
Company B1	✓	✓	✓	✓
Company B2	✓	✓	✓	✓
Company C1	*	✓	**	✓
Company C2	✓	✓	**	✓

* Company C1 did not produce an integrated report in 2011.

** Companies C1 and C2 do not produce a sustainability report.

One notable feature of the above Table 10 is the absence of a 2011 integrated report for Company C1. As stated in Section 3.2 above, the EY 2012 survey categorises each company's integrated report into one of four groups, these being 'top 10', 'excellent', 'good' or 'progress still to be made'. The EY 2012 survey individually lists the companies that were included in the top three categories, namely 'top 10', 'excellent' and 'good'. The remainder of the top 100 companies categorised in the 'progress still to be made' category were not individually listed. The actual list of the top 100 companies included in the EY 2012 survey was obtained from the survey's adjudicators in order to identify the companies included in the 'progress still to be made' group, which were those that had not been listed in the 'top 10', 'excellent' and 'good' categories. The research sample was then selected based on the sample selection criteria described in Section 3.2. Unknown at the time of selecting the sample, one of the companies selected for this research, namely Company C1, did not produce an integrated report in 2011, and as a result was included in the 'progress still to be made' group. It could be put forward that not producing an integrated report is tantamount to producing an inferior integrated report, given the absence of an IR process.

In the research proposal, it was proposed that each company would be requested to complete a fact sheet to collect relevant, quantitative data. Due to the sufficiency of the data available from both the reviewed corporate reports and the interviews, this fact sheet was not required. In addition, interviews with industry experts were tentatively planned in the research proposal to provide additional insight to and evidence on the research findings based on the experts' exposure to current IR and CS practice. The utility of these interviews

for adding value to the research was gauged, and due to time constraints and the comprehensive information that was available from the research interviews and the extant literature, these interviews were not carried out.

4. RESULTS AND DISCUSSION

The research results and discussion are presented in the sections below: 4.1 Integrated reporting (including related management systems); 4.2 Corporate sustainability (including related management systems); 4.3 Organisational culture; 4.4 Synergies between IR and CS; and 4.5 Relationship between integrated reporting and corporate sustainability.

4.1. INTEGRATED REPORTING

The following are the most prominent themes in the research findings related to IR which are presented in the sections that follow: IR strategy and implementation; management systems and access to data; peer competitiveness; corporate reporting; and assurance and external consultants. A concluding discussion follows the above sections under the title: 'Discussion of findings on IR', which also references the research findings to the extant literature.

4.1.1. IR strategy and implementation

Various themes related to IR strategy and implementation have been included in this section: the target audience of IRs; the benefits and challenges of IR; and the functional ownership of the IR process within companies.

A consistent feature amongst all researched companies is a compliance focus in relation to IR, which is unsurprising given the JSE's listing requirements for all listed companies to compile an integrated report or explain why they have not done so. A more interesting element to IR strategy is that five researched companies (Companies A1, A2, B1, B2 and C1) compiled their IRs to primarily satisfy an investor audience. This focus on an investor community has ramifications in terms of IR strategy and the nature, content and presentation of IRs, which would all be aimed to meet investors' information needs.

Our IR strategy is that we want to provide primarily our shareholders and investment community with a really holistic view of [our company's] strategy, risks and performance. (*Company A1, Interviewee 3*)

It's [i.e. integrated report] an annual report, you're not going to have a wide audience. [...] I'm not even sure it's all our shareholders [who read IRs], but certainly asset managers, certainly analysts, certainly potential investors at bigger funds, and students. (*Company B1, Interviewee 6*)

With the broad adoption of IR by South African listed companies, it could be that investor interest in IRs is on the rise given the efforts being made to satisfy this particular audience, and the possibility that investors are beginning to see the value in the content of IRs.

Eighteen months ago you would never have seen sustainability stuff in our analyst presentation, now you're seeing it. (*Company B2, Interviewee 8*)

Although IRs currently target financial professionals, there is a desire amongst the researched companies to reach a broader audience, which would most likely have an impact on strategies for and approaches to IR, reflected in the quotes below.

Current users of the integrated report are your financial users. I personally would like to see the integrated report get used by all stakeholders. (*Company A2, Interviewee 4*)

Where you've been forced to think about a broader set of stakeholders than just the analysts or your shareholders, you've got to start thinking about it [i.e. IR] in a different way. (*Company B2, Interviewee 8*)

In terms of the benefits of IR, the findings point more to soft issues, such as learning by employees involved in the IR process, improved integrated thinking, more focus on managing metrics reported on in IRs, and the need to have a well-coordinated CS function. Achievement of hard benefits, such as resource and energy efficiencies, fostering meaningful stakeholder relationships, and cultivating a more integrated business strategy, does not appear to be aided by IR. The findings on the challenges of succeeding in IR also comprise mainly softer matters and include the following: corporate culture impeding support for the IR process; difficulty in selecting information to include in IRs; defining materiality for IR purposes; achieving interconnectedness of information included in the IRs; and efforts to overcome internal company concerns about excessive transparency in IR disclosures.

It [i.e. IR] forces you to manage your practices and policies and activities and behaviour inside your business in a much more focussed and effective way. [...] What has suddenly forced us to apply a system to account for that [i.e. nonfinancial contributions to the business] is that we have to publicly account for it and produce it in an [integrated] report. [...] The challenge for us is defining what is material to your business. [...] You can't understand this in theory; you actually have to put it into practice in order for it to make sense to you. (*Company C1, Interviewee 9*)

Each researched company followed a different model in terms of the internal ownership of its IR process. This seems to be a moot issue with no clear direction or trend on which part of the business should own the IR

process. The following summarises how the ownership of IR has been assigned within the researched companies' businesses, along with some rationale for these choices: the corporate affairs stream (Company A1), with its investor and public relations function, does make for a logical choice based on the target audience of IRs; the strategy and business development stream (Company A2) can facilitate more integrated thinking across the business, and embed such integrated thinking into strategy and growth prospects; the finance stream (Company B1) offers a practical solution to the gathering and verification of data, given its similar focus on financial reporting; the governance or company secretarial stream (Companies B2 and C2) links directly into the governance principles espoused by King III and IR, as well as the directive and strategic focus to comply with regulations; and the human resources stream (Company C1) provides a platform for internal communication and awareness, and for the coordination of IR activities.

There may be limitations and challenges in assigning the ownership of the IR process to one existing area within the business. These challenges include cases where the stream responsible for IR preparation influences the approach to and content of IRs, is unable to foster buy-in to the IR process from other areas of the business, and is not privy to all relevant information. A solution to this is evident from another finding linked to the ownership of the IR process: two companies (Companies A2 and B2) that had been recognised as producing good IRs by the EY 2012 survey involved a broad array of personnel from across the business in the IR process, thus augmenting the central coordination by a few key people from a particular business stream of the IR process.

4.1.2. Management systems and access to data

The lack of systems and the difficulty in accessing data, in the context of the IR process, were stated as challenges in the interviews. However, these seem to be reasonably mitigated by the ability to tap into other business systems and data stores. Interestingly, two companies (Companies B1 and B2) found that an infrequent IR process posed challenges in terms of being able to continuously improve the IR process, while the researched companies that did not identify this as a challenge (Companies A1, A2 and C1) had a more frequent internal reporting cycle on IR information.

Following on from the above trend, the researched companies that had developed information technology (IT) systems dedicated to IR were the most frequent reporters (Companies A1 and C1). This indicates that a regular intra-year reporting cycle for IR information stimulates capacity building. The existence of IT systems for IR remains scant amongst the other researched companies, and the development of such systems appears to be reliant on the level of priority given to IR, as well as the general well-being of the company. This means that resources are allocated to the extent that there are no overall financial constraints on the business as a whole, management considers IR to be important, and the business has capacity and is not overly involved in other priority deliverables. Companies A2 and B1 claimed that their current financial difficulties have limited their

ability and resources to allow for a concerted focus on IR, which was not a stated issue for Companies A1, B2 and C1.

[The company] doesn't have the ability like [other companies] that that can throw out there a whole bunch of people and money and resources to do all these good, great things because of our profitability in terms of where we are today, in terms of our margins. We're struggling to keep our heads above water. (*Company A2, Interviewee 4*)

We've spent probably 1.5 billion rand on systems over the last few years, but those systems are in [...] supply chain, [production and financial systems], [customer] programmes, sales systems. It would've been irresponsible to be allocating those resources to a reporting system. It would be irresponsible to be taking resources away from where we really need them into an area where we are actually doing fine. (*Company B1, Interviewee 6*)

Companies A1, B2 and C1 who appear to be in a comfortable financial state as evident by their recent reported financial performance are arguably more able to focus attention on, and invest in, their IR processes. Furthermore, Companies A1, B2 and C1 appear to have had consistency in the overall strategic objectives of their business, while Companies A2, B1 and C2 have been more exposed to fundamental shifts in their businesses' strategies and plans.

Nonetheless, systems are in place in all researched companies to ensure compliance with King III. Much of the information gathering for IRs remains tedious and manual, with significant reliance placed on existing business systems which have been modified to varying degrees to facilitate the delivery of pertinent information for inclusion in the IRs.

It's emails, Excel spreadsheets, phone calls. I don't have a system that I can go into. [...] It's very manual-based tasks. (*Company B1, Interviewee 6*)

We've cobbled together [...] what we've got out of [our various] systems. [...] We're starting to integrate them more, but would we be in a position to produce the metrics behind the integrated report on a monthly basis? No; not even on a six-monthly basis. (*Company B2, Interviewee 8*)

This relatively labour-intensive nature of IR management systems could simply point to an evolution of a new function within the researched companies, who have had IR thrust upon them with relatively short notice, but who may respond, over time, with more organised and automated systems.

That's what's evolving in terms of: we've got the programmes, now we've put systems in place on how you report on them. It's almost like it's working upside down in a way; as opposed to: 'Here's the framework and the structure, here's how you're going to report'. Because we need to report so strongly, it's almost come in reverse. (*Company C1, Interviewee 10*)

4.1.3. Peer competitiveness

Elements of peer competitiveness were raised in the interviews by four researched companies (Companies A1, B1, B2 and C1) as relevant to IR in terms of benchmarking current IR practice and also in relation to the results of IR surveys and rating programmes that evaluate and rank IRs. Such attention to peer performance can influence IR strategy and the quality of IRs, with some researched companies interested in delivering IRs that can stand-up to comparisons with their competitors. This provides some justification that the broad-based adoption of IR can drive companies to continuously improve their IRs as they benchmark themselves, and sometimes compete, against their peers.

To us a driver was really [...] benchmarking, looking at what is happening in the world around us, how are things are changing. We took notice of the thinking around IR, what was developing in SA [and elsewhere in the world]. (*Company A1, Interviewee 1*)

We want to be as good at this as our competitors are. (*Company B1, Interviewee 6*)

Yes, I think peer pressure is a big thing. [...] We're going to watch what other companies are doing, same way they're watching what we're doing, and I think peer pressure will get us all into a better space on the proviso of sharing confidential information. (*Company B2, Interviewee 8*)

4.1.4. Corporate reporting

Although IR does introduce a holistic approach to corporate reporting, it has not yet succeeded in replacing other corporate reports produced by the researched companies, and in particular sustainability reports (SR) which are not required by any regulation. Notwithstanding the unique perspective IR provides in terms of presenting a complete and integrated picture of companies' overall business, some of the IR information is simply a summary of other, existing and more detailed reports that are already being produced, specifically relating to financial and sustainability reporting. Various reasons were provided by the researched companies as to why they will continue producing other corporate reports: users are still expecting the same corporate reports as have previously been produced; the additional detailed information in the other corporate reports is considered important and is too summarised in the IRs; or the other corporate reports are demanded by regulatory requirements. In keeping with this, the current reality is that all the researched companies that were

producing SRs prior to the introduction of IR continue to do so (Companies A1, A2, B1 and B2), primarily to communicate additional information to a broader array of stakeholders. Not surprisingly, Company C1, who does not produce a sustainability report, favours the principle that SRs should no longer be produced following the adoption of IR.

We don't [agree with] that initial objective [that] we first heard from people on IR [that] a 70 page report is what you should aim for and you should stop doing a [sustainability] report in a period of x years. [...] Therefore [it's] probably going to be very unlikely that we stop producing a sustainability report. (*Company A1, Interviewee 1*)

It's [i.e. sustainability reporting] part of the integrated report. [...] Then they haven't properly addressed their materiality, or identified it [i.e. materiality] to start with [in relation to companies that produce a separate SR]. (*Company C1, Interviewee 9*)

Based on the interviews, an alternative, still-evolving approach is to provide online detailed information, accessed from companies' websites, as a means to keep IRs concise and provide stakeholders with more data from other sources.

We think we're going to shrink down our online information because we think there's just too much, people can't get through everything, it's overwhelming. We've got to get smarter at that. (*Company A1, Interviewee 1*)

You would do your long integrated report, [available] on the web, in line with your sustainable thinking, and you would do a shorter, summarised printed version. (*Company C1, Interviewee 9*)

Furthermore, with comparability, verifiability and standardisation of IR information across companies currently limited, one interviewee believed that IRs can be used as a means to project company-specific messages.

If you are a company [...] and you're just flying, how lovely to be able to put in targets that you [are] just consistently exceeding. [...] So a lot of the disclosures in the IRs are still [...] a PR exercise. (*Company B1, Interviewee 6*)

4.1.5. Assurance and external consultants

Of the two researched companies that had developed IT systems dedicated to IR (Companies A1 and C1), only Company A1 believed that its integrated report was now in a position to be included in the audit process. For the remainder of the researched companies, there is limited external assurance on IRs, as evident from the

quotes below. In addition, there has been meagre use of external consultants by the researched companies to enhance the IR process.

2013 is going to be the first time that we're going to be reporting using [company's system for CS metrics and data]. [...] Everything has been standardised, it's all completely auditable [...] so it will be able to form part of our formal audit process, which we haven't been able to do before. (*Company A1, Interviewee 3*)

I don't think you can employ [...] any big four [i.e. global auditing firms] to give you assurance over your whole integrated report. I think it's a combination of people. I think we also need to be clearer [...] what assurance we are getting. (*Company B2, Interviewee 8*)

There is no actual framework or scorecard or anything that you can actually audit the stuff [i.e. content of IRs] against. Third party assurance is not worth the paper it's written on. (*Company C1, Interviewee 9*)

4.1.6. Discussion of findings on IR

Prioritising IR as a strategic focus area with a corresponding allocation of resources to this end has enabled some researched companies to produce a sound IRs and provides a springboard to promote IR principles, such as integrated thinking, enhancing CS processes and improved decision-making (Epstein and Roy, 2001; Eccles and Krzus, 2010; Rochlin and Grant, 2010; IIRC, 2011; Churet and Eccles, 2014). Conversely, the researched companies that have treated IR more as a compliance activity with limited business and stakeholder relevance has resulted in them allocating fewer resources to IR and a concomitant reduced reach within and impact on their businesses. In all the researched companies, IR has been assigned to and absorbed by an existing function within companies based on a varied rationale. Notwithstanding the need for input from various systems and personnel across the business, the IR process remains unintegrated with and separate from the day-to-day business activities of the researched companies, and is predominantly of interest to senior management and directors, as opposed to a larger cross-section of the researched companies' employees. In addition, IR has not yet displaced other corporate reports, especially SRs which are voluntary and could easily be discontinued (Frías-Aceituno et al., 2013). Although IR has a modest status in the researched companies' strategic priorities, there are indications of competitive behaviour, with the researched companies either striving to produce superior IRs or benchmarking their IR practices with peers, confirming the idea that a broad-based adoption of IR can spur companies' IR efforts (Bebbington et al., 2009; Eccles and Serafeim, 2011). However, the current consensus based on the interviews is that IR is not yet positioned to significantly enhance companies' CS efforts, given its narrow remit within the researched companies and amongst employees, and its limited appreciation by internal and external stakeholders alike. Contemporary assertions that IR is a means to

stimulate employee and stakeholder collaboration on CS, unlock as yet unutilised CS capabilities, and to foster better employee communication (Eccles and Krzus, 2010; Eccles and Saltzman, 2011) are not borne out by the research findings.

The current trend amongst the researched companies of focusing on the investor community as the primary target audience for IRs appears to be paying off; investors are increasingly valuing the information that IR is making available (Mammatt, 2009) according to information from the research interviews. This is in line with a study performed by Eccles and Serafeim (2011) interrogating two aspects of IR: firstly, the degree to which companies in specific countries are integrating environmental and social information and performance into their reporting; and secondly, the degree to which investors are interested in environmental and social information and performance. In this study, South Africa was classified as a country in which “there is a high degree of integrated reporting by companies but very little interest by investors in nonfinancial performance metrics” (Eccles and Serafeim, 2011: p. 89). The study goes on to recommend that companies need to engage with their investors to highlight the importance of nonfinancial information in assessing companies’ performance, also confirmed by Epstein et al. (2001), which appears to be what the researched companies are increasingly doing.

The appearance of various signals could nudge companies to raise the strategic importance of IR, resulting in more investment in IR capability. Examples of these signals, supported by comments made in the research interviews, are: an increase in the prominence of IR amongst more stakeholders, including a greater appetite for IR information; capital market reactions, such as the eligibility of companies to be included in sustainability indices, improved share liquidity and higher valuations for companies with competitive sustainability practices; and an enhanced licence-to-trade easing access to business opportunities and capital, as well as lowering stakeholder opposition. These benefits could be amplified by both reducing the cost of capital and improving access to capital markets. Such benefits correspond with the proposition made by Eccles et al. (2012b) that honest and transparent stakeholder engagement can enhance companies’ competitive advantage in the long-term. Having been removed from the JSE’s Socially Responsible Investment (SRI) Index due to non-disclosure of certain required information in its integrated report, Company C2 channelled resources to resolve this weakness, having indicated that being omitted from the SRI Index was undesirable. Although the rationale underlying this intervention was not provided, this finding does underline corporate motivations to respond to capital market reactions to their IRs (Dhaliwal et al., 2010; Eccles et al., 2011).

Although all the researched companies have management systems in place to deliver on their IR strategies, differences emerge in terms of the maturity of each researched company’s IR management system efforts. One reason for the lack of automation of IR processes amongst most of the researched companies, in addition to the paucity of resources in some instances, could relate to the recent adoption of IR. In this regard, the researched companies may generally be following a more manual systems approach while their IR capability

and maturity evolve, and as they determine their IR requirements with more confidence. The findings do reflect that some researched companies have begun the process of cascading IR data collection down their organisations' structures, which would broaden both the ownership of the IR process, and the understanding of IR (Morsing and Oswald, 2009). This type of benefit is a hallmark of more vertically integrated management systems, which tap into people and processes throughout the organisational hierarchy and aim to capture data at the source of the relevant activities (Epstein et al., 2001).

A growing sophistication of IR appears likely to begin a virtuous cycle of improvement (Churet and Eccles, 2014). This would begin with the delivery of more IR training and awareness initiatives, for internal and external stakeholders alike, to expand the relevance and understanding of IR (Eccles and Serafeim, 2011). Such steps will become increasingly important where companies' strategies and operations progressively espouse integrated thinking and the tenets of IR. The research shows that as IR systems become more mature, formal and auditable, reinforced by the improved management of the collection, accuracy and completeness of IR data, an uptick in assurance on IRs can be expected (Mammatt, 2009; Eccles and Serafeim, 2011). Although expanding assurance of IRs will not be an easy task, given the qualitative and integrated nature of IRs' content, this will add credibility to IRs and have various knock-on effects, such as putting pressure on companies to provide comparable, standardised information in a timely manner; driving the development and automation of IR systems; and increasing the demand for improving IR guidelines (Eccles et al., 2012c). The possible use of consultants to bolster companies' efforts to continuously improve their IR processes (Eccles and Krzus, 2010), as well as the sharing of both good and bad corporate news (Krzus, 2011), would provide additional impetus to IRs becoming more balanced and credible. A consequence of all the above-mentioned developments is that the readership of IRs can reasonably be expected to broaden, further advancing the merit and appeal of IR.

It could be argued that beginning this process with senior management and investors as the main proponents of IR, as is the case for the researched companies, is a logical and expected initial step. However, if IR is treated as a compliance function, and remains too technical and little understood, it could be assigned a destiny similar to that of financial statements, comprehended and consumed by a select group of trained professionals. On the other hand, if IR can be made accessible to more stakeholders, be subject to improved assurance, and offer credible, standardised and comparable information, its future can encompass a wider audience, have greater prominence and ultimately deliver more benefit to companies, stakeholders and society alike.

4.2. CORPORATE SUSTAINABILITY

The following are the most prominent themes in the research findings related to CS which are presented in the sections that follow: CS strategy and implementation; management systems; peer competitiveness; communication and awareness; and external consultants. A concluding discussion follows the above sections under the title: 'Discussion of findings on CS', which also references the research findings to the extant literature.

4.2.1. CS strategy and implementation

Various themes related to CS strategy and implementation have been included in this section: the CS strategies companies have selected; the benefits and challenges of CS; consensus amongst stakeholders on CS; the role of leadership in CS; the inclusion of CS in the decision-making process; and the dependence of future growth on CS.

Based on the feedback from the interviewees, the majority of the researched companies follow a synergistic CS strategy (Companies A1, B1, B2 and C1), with one researched company being driven by shareholder value and profit (Company A2), and another researched company still focusing primarily on compliance (Company C2)

Table 11 summarises the CS strategies of each researched company, as discussed above, and is based on specific feedback provided by each researched company's interviewee(s) in response to direct questions posed in the research interviews. The interviewee(s) were asked to select one of the three strategies, as presented and discussed in Section 2.2 above, that best describes their company's CS strategy. The colour coding in Table 11 reflects the extent and maturity of each researched company's CS strategy: green indicates a superior status; blue indicates an adequate status; and red indicates an inferior status.

Table 11: Corporate sustainability strategies – researched companies

Legend of colour coding: **green = superior**; **blue = adequate**; **red = inferior**

	Strategy 1	Strategy 2	Strategy 3
Van Marrewijk (2003)	Compliance driven	Profit driven	Synergistic
Marsden (2000)	Managerial Satisficing	Shareholder value	Triple-bottom line
Company A1			√
Company A2		√	
Company B1			√
Company B2			√
Company C1			√
Company C2	√		

Strategy is generally a precursor of implementation, and so to some degree, achievement of these CS strategies would therefore be partly aspirational. Assigning equal importance to the three pillars of sustainability, namely economic, environmental and social, and allocating resources accordingly, is the stated aim of the synergistic strategy. Incremental progress towards achieving this strategy would not necessarily lessen the strategic focus, but would imply that the researched companies have not yet fully succeeded in implementing this strategy.

The importance of making CS strategies and motives practical and linking them to business performance measures is a key message from the interviews.

It's at those individual business units levels that they can really define their priorities. (*Company A1, Interviewee 3*)

It also depends how you frame it [i.e. CS] to whichever business unit it is. For example, if someone's in property, then you need to frame sustainability in terms of property. Obviously they need some insight into why we're doing it, but if you keep it very specific to what [their] job is [...] then they get it [i.e. CS]. (*Company B1, Interviewee 5*)

I'm a great believer in: 'Don't ask someone to do something that's not in their day-to-day business.' But if I ask them: 'When you're designing that product, please make sure that [...] it's more environmentally friendly', if they can do that then I've done my job. (*Company B2, Interviewee 8*)

The benefits of CS point to a broad-based appreciation of all three sustainability pillars, with four researched companies (Companies A1, B1, B2 and C1) aiming to advance their integration into their businesses. The benefits of CS as stated in the research interviews, classified according to the sustainability pillars, are as follows: economic benefits include business longevity and cost saving; environmental benefits include resource efficiency; social benefits include stakeholder engagement; while the stated benefits of achieving all three in a balanced manner include being flexible and agile, as well as the overall integration of CS into the business.

The challenges of CS as per the research interviews could be interpreted to further support the in-progress but nonetheless valid synergistic strategy, given that such challenges are overwhelmingly softer in nature, and include: implementation and operational issues such as certification by external parties of certain sustainability practices (such as that provided by the Forest Stewardship Council on forestry and forestry products); data availability; organisational culture; operational compliance; target setting; allocating responsibility; and understanding CS. All these factors point to barriers which can be overcome over time, and do not represent fundamental obstacles to CS. However, these listed challenges are by no means trivial: even companies with sound and coherent CS strategies could continue to be hobbled in their efforts to practically achieve their CS strategy.

[The fundamental principle] is actually how you implement that strategy. (*Company B2, Interviewee 8*)

Consensus amongst internal stakeholders on CS strategy and implementation is considered to be high in Companies A1, B2 and C1, medium in Company B1 and low in Companies A2 and C2. All interviewees did recognise that a cohesive approach to CS, accompanied by broad-based support from senior management and the Board of Directors, facilitates the implementation of CS initiatives and increases the likelihood of successfully achieving CS targets. In addition, leadership was considered a further enabler to paving the way to successfully achieving CS objectives in four researched companies (Company A1, B1, B2 and C1), while Companies A2 and C2 lamented on a lack of leadership for CS.

It is a process, and I think unfortunately at the moment it's not being driven from the senior person. When that happens, it [i.e. CS] moves very quickly, so it's like sometimes trying to push a thorn into a rhino hide from the side. (*Company A2, Interviewee 4*)

I think in a company where it doesn't start at the top it would be extremely difficult to make progress on sustainability. If you haven't got the Board, the CEO [or the] Chairman backing it, then forget it. (*Company B1, Interviewee 5*)

Accordingly, consensus amongst management, coupled with leadership, certainly do appear to be critical according to the research interviews. This is especially so in terms of CS efforts which do not require significant

investment or allocation of resources and where success is mainly reliant on a pervasive understanding and presence of CS in the normal business environment and the organisational culture. In this case, having an active CS team with support from management and other business areas can yield noticeable CS results. In line with this, all researched companies had small central CS teams who rely significantly on other business areas to pursue their CS agenda.

We're a highly decentralised organisation and we have very small group functions and so you are highly reliant on people in the businesses. (*Company A1, Interviewee 1*)

In terms of the relationship that you build within the business, that people don't see it [i.e. CS] as a separate division. So we've got two people in sustainability, which is nothing, it's no-one, which makes it a nightmare initially, but that's the aim. (*Company B1, Interviewee 5*)

The decision-making process in all researched companies, such as that related to new products, new production facilities and new value chain processes, requires the consideration of CS criteria, which all researched companies claimed could, on their own strength, alter the outcome of a decision.

They're really very carefully thought out both from a responsibility and a good business practice perspective. Everything is done with careful planning. The business has to be there. (*Company A1, Interviewee 3*)

Whatever we try and do, [...] we have to see: 'Is there a business side to it?' [...] It's [i.e. CS] definitely there when we start talking about 'Are we going to go ahead or not?' (*Company A2, Interviewee 4*)

The sustainability component needs to make business sense. You can't just go and make [a business site] very green if it's not going to work. (*Company B1, Interviewee 5*)

All of the researched companies agreed that future growth is dependent on their ability to successfully integrate sustainability into the business, highlighting the strategic importance of CS. Three researched companies (Companies A1, B1 and B2) had distinct green product ranges, offering environmentally- or socially-friendly products, while Company C1 offered similar choices in terms of some of their services. The following quotes highlight the importance of sustainability in companies' pursuit of future growth.

All growth depends on sustainability, because it's linked to the character, the value of the company. It's linked to the trust that people have got in your company. So just from a brand perspective of how people view the brand, [...] if sustainability was suddenly [...] dropped or if you found a way to remove it from the business, then the business would die. (*Company B1, Interviewee 5*)

We understand that there are limits to growth [...] so if we can drive efficiency with our current supply chain, it opens more capacity. Obviously that makes a whole lot of sense. And then we know that there's constraints from an inputs perspective, things like water, energy, fuel, so I think just trying to manage those responsibly is a huge part of our strategy from a sustainability and a normal business perspective. (*Company B2, Interviewee 7*)

On all levels [future growth is dependent on CS], not just from a community development [or] enterprise development point of view: financially sound, environmentally sound, systems sound. (*Company C1, Interviewee 10*)

Some interesting viewpoints on green products and their pricing were also put forward in the research interviews.

The green range was really developed in response to customer demand, as well as positioning of our products, so we already knew that because of our environmental performance there were certain benefits associated with our products that we could market more vigorously to our customers. Now the difficult thing here is that there's no premium paid. (*Company A1, Interviewee 1*)

In terms of operating as a responsible citizen and a responsible business, it's imperative to be eco-friendly. You'll see a lot of that strong messaging [i.e. on environmentally friendly practice] consistently and we're getting better at it all the time. So yes, it is part of our business drive. [...] The driving force behind it [i.e. environmentally-friendly customer offerings] always is product relevance: 'Is the product relevant?' And the market does dictate it in a certain way, but at the same time you've got to push the market to certain things that they might not even realise that they want or need, and make it exciting to them. (*Company C1, Interviewee 10*)

Interestingly, there also appears to be an appreciation of the sincerity of CS efforts according to the interviewees, highlighting the importance of governance and transparency.

Underlying everything [...] is also a commitment to corporate governance. I think that's very strong. We really get the fact that in the world that we live in now and the criticism of business over the last number of years, corporate governance is absolutely fundamental. (*Company A1, Interviewee 1*)

The whole world is becoming more transparent so companies need to keep up with that. That's why we've got governance as one of our key areas. (*Company B1, Interviewee 5*)

This issue of transparency and compliance and being an ethical business in society goes a long way to companies' credibility, and it's being able to be the responsible citizen in the corporate environment.
(Company C1, Interviewee 9)

4.2.2. Management systems

Management systems play a pivotal role in the operationalisation of CS, especially the development of systems to monitor, manage and report on key performance indicators (KPIs). In particular, all researched companies had some dedicated management systems up and running for certain CS initiatives, such as energy efficiency, safety, environmental management systems including the promotion and protection of biodiversity, training and development programmes for suppliers and employees, and community development schemes.

Table 12 below summarises the maturity of each researched company's implementation capability of CS strategy based on the feedback provided by each researched company's interviewee(s) in response to general questions posed in the research interviews relating to management systems and the implementation of CS strategies. This implementation capability of each researched company is in line with the frameworks presented and discussed in Section 2.4 above. The colour coding in Table 12 reflects the extent and maturity of each researched company's capability to implement its CS strategy: green indicates a superior status; blue indicates an adequate status; and red indicates an inferior status.

Table 12: Steps to implementing CS – researched companies

Legend of colour coding: **green = superior**; **blue = adequate**; **red = inferior**

	Step 1	Step 2	Step 3
Zwetsloot (2003)	Doing the right things	Doing things right	Continuous improvement and innovation
Eccles et al. (2012b)	Reframing the company's identity	Codifying the new identity	A supportive organisational culture
Company A1	√	√	√
Company A2	√		
Company B1	√	√	√
Company B2	√	√	√
Company C1	√	√	
Company C2	√		

Many of the dedicated CS management systems tend to be operational and integrated into the researched companies' existing business processes, with business personnel actively involved in following procedural requirements to deliver on set CS objectives. Allied to this, there was evidence in the research findings of significant modification to existing operational management systems. This use of existing systems was highlighted in the research interviews as a key component to making the delivery on CS part of the normal operating schedule of business personnel.

We have a formal sustainable development management system within the business which houses our policies and procedures around key performance areas. We actually have formal procedures that are in place across our operations so that's kind of a minimum standard that we need to comply with, but those systems at an operational level are built into the management systems that are in place on site. *(Company A1, Interviewee 3)*

We had to find a way to make all of these things part of everybody's day-to-day function, and in order to do that, [...] we just got what we had and we said: 'Let us plug in an extra thing on [our existing systems] that can collect this information for us.' [...] We took what we we're doing and we enhanced those sorts of things. But we haven't gone to the lengths of building something new. *(Company C1, Interviewee 9)*

The researched companies' use of existing systems to deliver on CS targets is akin to the approach taken to communicate CS information, where existing, established communications channels are favoured (see Section 4.2.4). Dedicated IT systems for CS data remain less developed, like those for IR information. The researched companies' interviewees claim that they are still coming to grips with the types of data they require and with integrating CS data systems with other business data systems, such as those for finance, performance management of employees and business operations, IR, risk management and new products and research and development, inter alia. Furthermore, better data systems could be required by the researched companies in time to keep up with ever more sophisticated and integrated thinking as well as a maturing IR process.

We don't have any formal system [for CS] if you're talking IT system that gets used to gather data or manage a process to get to an end result. *(Company A2, Interviewee 4)*

System-wise, let's start with reporting systems: there's no specific reporting system for sustainability [data]. We are still looking at implementing a sustainability-specific reporting system. *(Company B1, Interviewee 5)*

The researched companies have various mechanisms in place to measure, monitor and manage the performance of individuals and business units in terms of achieving KPIs and targets for CS. To varying degrees, the setting of KPIs for CS targets further embeds CS into the businesses. As a result, managing CS KPIs is

important and systems are in place to provide the CS data the researched companies require to measure performance, although they are sometimes manual.

On the system side in the wider business, [...] we've just integrated the key performance indicators in their normal way of operating. [...] In the different divisions there's KPIs, and then the Board also has got KPIs. So it's everywhere. (*Company B1, Interviewee 5*)

One of the key lessons for us has been that measurement [i.e. for CS] is absolutely crucial here because it takes a lot of the sustainability discussions out the softer side and more into an opportunity to integrate into scorecards. It also helps you prove business cases properly. (*Company B2, Interviewee 7*)

Accordingly, measurement of CS objectives by the researched companies' and aligning them to their businesses is a useful way to inject CS with a real sense of value and understanding and to make delivery against CS targets practical. This becomes the nuts and bolts of CS where detailed analyses of what is to be achieved and by whom bring a clear sense of responsibility and accountability. This also ties up with the previously mentioned aim related to integrating CS into existing management systems, where CS is included in the normal operations of the researched companies.

4.2.3. Peer competitiveness

There is evidence that the researched companies in the same industry do track one another's CS practices, which is in line with a similar finding for IR (see Section 4.1.3). This shows that peer benchmarking and competitiveness can be a contributing factor to CS efforts. In addition, researched companies in the same industry do address similar matters in relation to CS, offering some basis for comparing the effectiveness of CS initiatives. The following quote from Company A1 reflects this focus on peer competitiveness in terms of their CS practices.

There's a lot of benchmarking and looking across our peers internationally around best practice and comparing ourselves and striving to be at the top of practice. (*Company A1, Interviewee 3*)

4.2.4. Communication and awareness

Various efforts to increase awareness of CS and involvement in CS initiatives are in place at all researched companies, ranging from focus or discussion groups and forums, to CS champions within the business, to the use of various communications media. Company A1, B1, B2 and C1 emphasised the importance of using normal, existing communication channels to publicise and raise the profile of CS, such as staff and customer

magazines, induction and training programmes, emails, notice boards, road shows and televisions in the business.

I think the way to do it is to keep it simple, to keep it consistent. A lot is in the communication, and it's how you communicate it in the business – so simple, consistent, and honest. [...] And then also using all the possible channels in the business to do it, [...] established communication channels within the business that we use for sustainability as well, so it's integrated everywhere. (*Company B1, Interviewee 5*)

There's pretty much back and forth communication with that [i.e. CS] on a regular basis. [...] We do put a lot of effort across all our different marketing channels from a sustainability perspective. (*Company B2, Interviewee 7*)

Included in that [newly launched internal brand] is our internal communications, which is a quarterly magazine, as well as newflashes, bulletins etcetera, where we talk to our staff [about various things including CS]. [...] It's also important that we enhance the power of [our] staff members to spread the message in our company, because every single one of those people is an ambassador. (*Company C1, Interviewee 9*)

4.2.5. External consultants

Companies A1, B1, B2 and C1 use external sustainability consultants primarily for strategic advice and to keep up with current developments in CS thinking. These researched companies prefer to build implementation and operational capability internally, and to develop and mature these skills over time. Only one researched company (Company A2) had not used external consultants at all, and wanted to access consultants on a more extensive basis, pointing to the need to remain abreast of advances in the CS arena. As previously pointed out, CS teams are small and ongoing reliance on CS consultants' expertise can be expected to continue.

4.2.6. Discussion of findings on CS

In all the researched companies, with the exception of Company C2, CS preceded IR and is thus more mature than the new and evolving IR. This is apparent from the prominence of the synergistic strategy for CS amongst the researched companies, as they increasingly shift their focus from following shareholder theory, primarily aimed at maximising shareholder value, to stakeholder or societal theories, involving more expansive accountability to various stakeholders or society (Marsden, 2000; van Marrewijk, 2003). Although this change in strategy focuses on delivering benefits to a broader array of stakeholders, it can concurrently appeal to certain shareholders who are willing to take a longer-term view on their investments (Marsden, 2000; Eccles et

al., 2012a). This reflects a symbiotic outcome whereby companies aim to enrich both shareholders and other stakeholders alike (Porter and Kramer, 2011).

The small size of the central, dedicated teams tasked with coordinating, rather than directing, CS is an indicator that the integration of CS into the researched companies' normal business operations is a fundamental character trait of healthy CS efforts, rather than an indication of a limited allocation of resources to CS. Although the reviewed literature does not deal directly with this aspect of implementing CS, there is some alignment in that the literature does advocate the involvement of key personnel and associated mechanisms for collaboration, such as goal setting (Bhimani, 2003; Chenhall, 2003; Zwetsloot, 2003; Krzus, 2011; Eccles et al., 2012b). Accordingly, the increasing use of targets and KPIs by the researched companies in evaluating employees' and business units' CS performance further underlines the importance of integrating and normalising CS into the ordinary course of business (Epstein et al., 2001). This bottom-up approach to succeeding in CS can challenge businesses that have not cultivated a more inclusive organisational culture (Bhimani, 2003; Chenhall, 2003; Zwetsloot, 2003; Krzus, 2011; Eccles et al., 2012b). Furthermore, the research findings indicate that solutions to CS are often best identified at the coal-face of operations in an open, innovative atmosphere.

Openness and honesty is seeping into the researched companies' corporate communication practices, highlighting an increasing appreciation of the importance of transparency. Consequently, comments made in the interviews acknowledge that poor transparency can manifest in various misfortunes, such as the unforgiving nature of customers and the public in cases where they uncover that CS is merely a public relations exercise. Other interviewees' remarks recognise that social networking technology and the expectations of a new generation of customers, alongside a more active and empowered civil society movement, means that governance needs to be of primary importance in keeping business leaders and their operations true to their words and promises. In this vein, consensus and collaboration on approaches to CS amongst some researched companies' board members and management is a key enabler for real CS gains that can stand up to stakeholder scrutiny (Companies A1, B1, B2 and C1) (Wilson, 2001; Epstein et al., 2010; Eccles et al., 2012b; Crilly et al., 2012). Conversely, a lack of support for CS from leadership in the other researched companies (Companies A2 and C2) hinders advances in the integration of CS into the businesses. This is supported by the research findings which show that all the researched companies that espouse sound management consensus and leadership follow the most mature CS strategy (the synergistic CS strategy) and appear to be succeeding in their CS efforts (Companies A1, B1, B2 and C1), in contrast with the researched companies that lack these qualities (Companies A2 and C2).

Companies are increasingly being exposed to the consequences of economic, environmental and social obstacles and oversights, as well as unforeseen and evolving risks in terms of the interrelationships between them. The convergence of economic, environmental and social matters into all aspects of the researched

companies' business landscape shows that integrated thinking is being propelled more and more into the mainstream (Eccles and Krzus, 2010; Epstein et al., 2010; Krzus, 2011; Eccles et al., 2012b). Decision-making on business opportunities and customer offerings are continuously being rejigged to deal with such CS imperatives. Fittingly, the research findings reveal that the integration of CS into decision-making is currently a hallmark of all the researched companies, albeit that the research did not investigate in any detail how the consideration of CS can, and does, alter the researched companies' decisions.

Although all the researched companies have in place management systems to deliver on their CS strategies, like IR there are variances in the maturity of each researched company's CS management system efforts. Based on the interviewees' responses, it is noteworthy that all the researched companies that follow a synergistic CS *strategy* (Companies A1, B1, B2 and C1), which is the most mature of the CS strategies, are also more mature in their CS implementation capability, exhibiting proficiency in all the steps involved in *implementing* CS (Marsden, 2000; van Marrewijk, 2003; Zwetsloot, 2003; Eccles et al., 2012b). This finding supports the notion that management systems tend to evolve in line with business priorities (Chenhall, 2003). Accordingly, where the researched companies have made progress in maturing their CS strategies, resources have been made available to develop corresponding management systems to support and implement their strategic aims (Chenhall, 2003). Furthermore, resources are also channelled to establish appropriate management systems for specific CS initiatives that have been earmarked as important. CS initiatives may be considered important for a variety of reasons, such as when they are subject to public scrutiny (interventions to reduce pollution in Company A1), drive cost savings (energy efficiency in Company A2), respond to stakeholder interests (small business development in Company C1), are part of strategic planning and decisions (environmentally-friendly products and business development in Company A1 and B1), mitigate resource security (sustainable forestry and water practices in Companies A1 and B2 respectively), or are disclosed in corporate reporting (publicised CS metrics in all researched companies), to name some examples. Tapping into existing systems and channels, and making CS real and practical to both employees and business units alike (Eccles et al., 2012b), is another prominent feature in the researched companies' CS efforts, albeit to differing extents and with varying degrees of success. Given the broad reach of CS across the business and the need to align CS with operational activities, infusing CS into existing systems is expedient, efficient and effective, as opposed to simply being convenient. Although the use of existing systems is a relatively conspicuous research finding, no similar prescriptions were present in the reviewed literature on CS.

The delivery of tangible benefits from CS efforts remains an important motivation for CS, especially where such benefits are incorporated into KPIs (Epstein et al., 2001; Epstein et al., 2010; Eccles et al., 2012b). The setting, measurement, monitoring and management of clear targets for CS is thus key for most of the researched companies, regardless of whether the benefits are linked to softer business issues, such as reputation (Company A1, A2 and B1), culture (Company A1) and a more attractive working environment (Company A2 and B2), or harder business deliverables such as cost savings (Company B2), resource management (Company A1,

B1 and B2), and enhanced product line-ups (Company A1 and B2). Although it is moot whether the softer or the harder issues should be tackled first, there is evidence from the research interviews that both need to be addressed (Epstein et al., 2010).

Communication on CS is another important aid to continuously maintain and grow awareness and appreciation of the central importance of CS to the business (Eccles et al., 2012b). A common feature of the researched companies' communication strategies is to take advantage of existing communication channels, echoing the use of *existing* management systems to implement CS strategies as stated above. This approach means that accessible audiences of the researched companies' communications are easily reached, and also positions CS as a core component to the overall messaging aims of the researched companies. Parallel recommendations of purposeful efforts to take advantage of existing communication channels are absent from the reviewed literature.

A further finding worth noting is that most of the researched companies have embarked on voluntary community-based CS initiatives, especially those that support the development of sustainable small-medium enterprises. This could signal recognition by the researched companies of the importance of the licence-to-trade principle, especially with regards to communities that are directly affected by their operations. However, the research findings reveal that the imposition by regulatory bodies of mandatory minimum thresholds of corporate social investment spending, as is the case in one of the researched industries, may result in CS investments to comply without a commensurate effort to inculcate CS into all aspects of the business. Such mandatory CS interventions may not result in effective outcomes for either the companies or the targeted beneficiaries.

A final aspect worthy of consideration is the proposition that companies that espouse CS characteristics are more financially successful (Eccles et al., 2012a). However, the converse could be true: companies that are financially successful have the freedom and mandate to more thoroughly explore and experiment with CS. This idea came through in the research evidence, with financial constraints being offered as a reason for meagre CS achievements. Accordingly, this would mean that CS may not be a driver of financial achievement, but may rather be a consequence thereof. A comparison of the researched companies within the same industry shows that in each industry the more profitable of the two companies was consistently more adept at CS. Further research would be needed to better understand the causal relationship between CS and financial success.

As integrated thinking becomes more ubiquitous within businesses, and as awareness of CS spreads amongst internal and external stakeholders, the prominence of CS as a normal, fundamental business input is likely to develop. Evidence from the interviews supports the notion that this normalisation of CS into business practice is accelerating the evolution of strategies and processes underpinning CS. Further indications from the research findings are that such advances in CS require enhanced automation and measurement systems, as well as more

robust, frequent and understandable reporting. There will be less room for organic progression, and interviewees from the researched companies appear to recognise that companies that are able to implement sound, scalable systems that meet growing CS demands may enjoy a competitive advantage on a number of fronts, such as brand and reputation, product and service offerings, efficient resource utilisation and stakeholder loyalty. In addition, some interviewees acknowledge the importance of rigorously managing CS risks, which may further challenge companies that lag in their CS capability, exposing them to various business hazards including business interruptions and possibly even survival. These are not alarmist views. Recent corporate environment and social mishaps have highlighted the seriousness of underestimating CS.

4.3. ORGANISATIONAL CULTURE

The following are the most prominent themes in the research findings related to organisational culture (OC) which are presented in the sections that follow: OC strategies; influencing OC; corporate principles and ideology; motivating performance; and business transformation. A concluding discussion follows the above sections under the title: 'Discussion of findings on OC', which also references the research findings to the extant literature.

OC is a complex subject and its inclusion as part of this research is primarily intended to supplement the qualitative research into IR and CS. Accordingly, the nature of the findings should be contextualised as part of the research into IR and CS, and not as a stand-alone feature.

4.3.1. OC strategies

Table 13 below summarises the actual OC strategies (in relation to CS) of each researched company based on specific feedback provided by each researched company's interviewee(s) in response to direct questions posed in the research interviews. The interviewee(s) were asked to select one of the four strategies, as presented and discussed in Section 2.3 above, that best describes their company's OC strategy. It should be noted that due to the limited time available in the research interviews, it was not possible to fully expound on the relatively complex nature of OC in order to ensure that interviewees had a sufficient grasp of this topic. In cases where the interviewee(s) selected more than one OC, the predominant OC is reflected in Table 13. The colour coding in Table 13 reflects the extent and maturity of each researched company's OC strategy in relation to CS: green indicates a superior status; blue indicates an adequate status; and red indicates an inferior status.

Table 13: Organisational culture strategies in relation to CS

Legend of colour coding: **green = superior**; **blue = adequate**; **red = inferior**

	Strategy 1	Strategy 2	Strategy 3	Strategy 4
Baumgartner (2009)	Introverted	Conservative	Extroverted	Visionary
Linnenluecke and Griffiths (2010)	Internal process	Rational goal	Human relations	Open systems
Company A1		√		
Company A2		√		
Company B1			√	
Company B2			√	
Company C1			√	
Company C2	√			

As reflected in Table 13 above, listed below are which of the four OC strategies, based on the OC frameworks discussed in Section 2.3, that best describes each researched company's OC strategy, and which are discussed further below.

- Company A1: Strategy 2 – Rational goal / Conservative
- Company A2: Strategy 2 – Rational goal / Conservative
- Company B1: Strategy 3 – Human relations/ Extroverted
- Company B2: Strategy 3 – Human relations/ Extroverted
- Company C1: Strategy 3 – Human relations/ Extroverted
- Company C2: Strategy 1 – Internal process / Introverted

The OCs of Companies B1, B2 and C1, which mostly reflect the features of the human relations / extroverted OC strategy (Strategy 3 as per Table 13), are primarily predisposed to approach CS based on a people-centric and ethical standpoint as put forward by Linnenluecke and Griffiths (2010). This OC strategy recognises the influence companies have on their employees by promoting learning, equality, diversity and well-being, suppressing discrimination and advancing ethical behaviour, following the tenets of stakeholder theory discussed in Section 3.2 (ibid.), and does align with the CS strategy (the synergistic Strategy 3 as per Table 11) these companies have selected.

The OC of Company A1 and A2, which manifests characteristics of the rational goal / conservative OC strategy (Strategy 2 as per Table 13), is likely to advance CS through operational efficiencies which are mindful of the costs of ecological impacts as discussed by Linnenluecke and Griffiths (2010). This OC strategy recognises the

positive and negative effect companies have on their environment, following the tenets of shareholder theory discussed in Section 3.2 (ibid.), and does align with the CS strategies (the profit-driven Strategy 2 and the synergistic Strategy 3 as per Table 11) these companies have selected.

The OC of Company C2, which is most akin to the internal process / introverted OC strategy (Strategy 1 as per Table 13), favours financial performance in pursuing its CS agenda as explained by Linnenluecke and Griffiths (2010). This OC strategy aims to deliver economic value without deliberately considering impacts on the ecological and social systems it is reliant on, and although delivering shareholder value is important this approach concentrates authority in the hands of management, and does align with the CS strategy (the compliance-driven Strategy 1 as per Table 11) this company has selected.

Interestingly, none of the researched companies' interviewees selected the open systems / visionary strategy (Strategy 4 as per Table 13). Although there is no research evidence to explain this, noteworthy is that all of the researched companies are well established organisations that have been operating for some time, which may mean that they are more predisposed to cultivating a OCs that support their existing, proven business models. Furthermore, this open systems / visionary strategy may be more suited to other industries not included in this research, or to companies that have either been recently launched or are focusing on new, disruptive technologies as opposed to the researched companies which all offer tried and tested products and services. Additional research covering more companies operating in diverse industries and offering a range of products and services could explore this aspect of OC further.

4.3.2. Influencing OC

Companies' ability to inculcate IR or CS principles into their OC can be a valuable mechanism to motivate employees to innately embrace and support IR or CS goals. Companies A1 and A2 claimed to have followed a top-down approach to propagating CS within the business, which Company A1 later abandoned in favour of a more engaging, bottom-up approach, but which Company A2 is still grappling with. As experienced by both Company A1 and A2, the top-down setting of targets can be met with resistance by operational units, whose insights and buy-in is essential for the successful implementation of CS. The other researched companies all appear to be more inclined to follow the bottom-up approach.

The research findings reflect the above-mentioned contrast between top-down and bottom-up approaches, where all the researched companies felt that CS was generally understood by many company employees with the exception of Company A2, whose employees exhibited a limited understanding of CS other than at the higher levels of management. There was some evidence that instilling an understanding of CS in the junior, operational employees was challenging, but that this could be overcome by integrating CS into standard operating procedures, employee performance management and by sound communications strategies, as

discussed in Section 4.2. Furthermore, the findings point to a general trend that attitudes to and an understanding of CS were improving amongst employees. The researched companies' approaches to OC are evident from the following quotes.

It's evolved [...] from a [sustainability] department that sets corporate targets without involving the business sufficiently, which the business [...] resisted quite significantly. We're much more in a phase where there is this championing, there's the engagement, so we're getting much better at that. (*Company A1, Interviewee 1*)

The challenge has been [that] we've set targets at the top and getting it aligned to the bottom, that wasn't done, and I'm trying to get that done. [...] I'm still battling to get feedback from the [business units]. (*Company A2, Interviewee 4*)

Culture eats strategy for breakfast and it's absolutely true. You can [...] have a strategic aim or have a strategy [...] but unless the culture will buy into it, you have no chance. (*Company B1, Interviewee 6*)

In contrast to CS, all the researched companies believed that there was very limited awareness and appreciation of IR beyond those directly involved in the IR process, given its limited remit within their businesses and the absence of any company-wide awareness or communication programmes on IR. The ability for OC to be an enabler or an obstacle to implementing IR strategies is more indirect, where IR provides a window into CS and integrated thinking capability which are affected by OC.

It's [i.e. CS] got to be in your DNA to be able for you to report on it. [...] If it's [i.e. CS] not in your DNA, it's really difficult to write an integrated report. (*Company B2, Interviewee 8*)

Another common finding was the introduction of programmes involving the deployment of CS champions or ambassadors within the researched companies' businesses. Based on the research evidence, such champions are generally employees who have volunteered for this role and are able to take CS messages to their fellow employees. This favoured approach by the researched companies points to recognition of the importance of creating communication channels to disseminate CS messages at all levels within the business, and doing so with people that can engage with their colleagues.

Management is actually starting to see that to change the perception of [company name], you can do it through your employees. (*Company A2, Interviewee 4*)

It's also important that we enhance the power of [our] staff members to spread the message in our company, because every single one of those people is an ambassador. (*Company C1, Interviewee 9*)

4.3.3. Corporate principles and ideology

CS is formally included in the corporate principles or ideology of Companies A1, B1, B2 and C1, while it is absent from those for Company A2. The inclusion of CS in these companies' ethos creates an important incentive for them to live up to the expectations they generate, as well as signalling to all stakeholders that CS is central to the companies' focus. Interestingly, all the above researched companies (Companies A1, B1, B2 and C1) described their OCs as being values-based. This focus on values and ideology is reflected in the following quotes.

What we are getting better at is defining those things [i.e. relating to corporate culture] that are common to [our company], and we're working hard at trying to entrench those in the organisation: it's our [...] values, it's [our strategic and operational framework], [and] we've worked hard at communicating and engaging people around that. (*Company A1, Interviewee 1*)

The way that the company is: the culture, the attitude [are] already positive, and expected. People expect [that] the company [...] should be doing things for the environment, or we should be doing stuff for communities. That's why people probably continue working sometimes with company. (*Company B1, Interviewee 5*)

How do we improve the customer service with what we are offering them? Through our staff, so that means empowering our staff, skilling up the staff, getting the values in place so that the offering externally is consistent. (*Company C1, Interviewee 10*)

4.3.4. Motivating performance

The integration of CS into the researched companies' business and employee KPIs and incentive schemes can infiltrate into the OC by making each employee's CS contributions relevant and understandable. The prioritisation of CS deliverables using KPIs ensures that operational behaviour aligns with strategic objectives, normalises the day-to-day focus on such deliverables, and drives measurement and reporting systems.

The other tool we look at using is building it [i.e. CS] into [...] bonus schemes. There's bonuses for production targets but those now also include safety targets and environment targets and quality targets, so we're building it into our business processes in that way. (*Company A1, Interviewee 2*)

We're trying to build in a more balanced scorecard, but it's really consciously putting environmental, social and transformation stuff actually into our scorecard. The way we develop our strategy is the way we measure our business on a monthly basis, the way our people our people are incentivised. The way

our performance appraisal works has got a more integrated view of it [i.e. CS]. [...] It's really helped us to consciously [...] hardwire that [i.e. company values] actually into the business. (*Company B2, Interviewee 8*)

4.3.5. Business transformation

Business transformation is another key aspect of OC, where the agility, flexibility and adaptability of the researched companies allow them to more readily, frequently and swiftly experiment with and adopt new business practices. The research findings reflect that four of the researched companies (Companies A1, B1, B2 and C1) possess this capability, which is particularly valuable when approaching IR and CS, both of which are evolving quite rapidly in terms of contemporary corporate practices. On the contrary, two researched companies' (Companies A2 and C2) manifested an inability to respond to a fast-changing IR and CS landscape, potentially exposing them to a perilous loss of competitiveness and innovation. The presence or absence of this change capability is evident from the quotes below.

The way that the business is able to adapt and be fairly flexible in responding to different sustainability and macroeconomic constraints and opportunities means that the business is really in a good shape going forward. [...] If you'd use one word to define [our company], one of our key overarching organisational culture aspects is probably decisiveness on every level. (*Company A1, Interviewee 3*)

There is a resistance to change, and there's quite a need to go through a whole [...] change management process to get something to change [...] and a lot of it filters from the top management. [...] The ability to change we struggle with, so a lot of analysis-paralysis happens in the organisation. (*Company A2, Interviewee 4*)

That's what sustainability is [i.e. transformation capability]. It's like nature, being quick and agile and all those things. It's a revolution that needs to happen. (*Company B1, Interviewee 5*)

4.3.6. Discussion of findings on OC

Overall, the researched companies clearly understand the relationship between CS and OC, and accordingly those researched companies aiming to succeed in their CS strategies tend to focus on infusing their OC with CS attributes (Epstein et al., 2010; Crittenden et al., 2011; Eccles et al., 2012b). However, there seems to be little direct dependency between IR and OC. Regular communication fosters an understanding and awareness of CS amongst the researched companies' stakeholders, especially employees who are easier to reach (ibid.). Over time effective communication strategies can influence OC by transitioning certain messages and themes into the OC. Encouraging an open, engaging atmosphere within the business fosters a supportive environment for

CS: it facilitates more involvement and participation by employees, who are key players in both identifying and implementing CS gains, and it improves the capability for business transformation, essential for CS integration. This bottom-up style of advancing CS within the business has had more success amongst the researched companies than dictating CS practice centrally in a top-down manner, with the latter proving to have some limitations (*ibid.*).

The inclusion of CS themes in the researched companies' corporate ideology, such as their mission, values, frameworks and the like, point to further efforts to make CS a clear and visible part of their strategies (Adams and McNicholas, 2007; Morsing and Oswald, 2009; Linnenluecke and Griffiths, 2010). It also reinforces recognition by the researched companies' interviewees of the link between CS and OC. Companies direct significant resources towards developing and disseminating their corporate philosophy. They also try and achieve a match between their ideologies and those of current and prospective employees (Linnenluecke and Griffiths, 2010). To this end, evidence from the interviews reveals that the researched companies often deliver strong and recurring messaging on their belief systems as a further mechanism to transform their OC. As such, the inclusion of CS in the researched companies' ideology elevates the profile of CS and signals its importance.

Performance management of the researched companies' employees and business units, comprising KPIs, scorecards and the measurement of selected metrics, is an essential tool to altering behaviour (Morsing and Oswald, 2009; Epstein et al., 2010; Eccles et al., 2012b). Importantly, this takes the more general, overarching profile of IR and CS and makes them practical and comprehensible to employees and operational areas. In turn, individuals and businesses direct their day-to-day efforts to perform well in relation to their IR and CS performance objectives.

Complementing some of the researched companies' IR and CS ambitions is their capability to initiate and embrace change (Linnenluecke and Griffiths, 2010; Eccles et al., 2012b). The imperative to change can be unexpected or planned, and can be in response to internal or external influences. IR and CS strategy and practice is fast-evolving, and is increasingly differentiating one company from the next, as reflected in the research findings. Being able to experiment with new ideas and to adapt to new technologies and expectations is an asset for IR and CS strategies. Consequently, IR and CS can thrive from cultivating an OC that eschews stable and intransigent behaviour in favour of flexibility and openness to new ideas.

To conclude, OC is proving to be a useful ally to the researched companies in their selection and implementation of IR and CS strategies. The research findings show that the researched companies have various tools at their disposal to shape their OCs to this end. Regardless of the IR or CS strategies that companies select, what is apparent is that companies' aspirations to follow any particular strategy should be aligned to their OC. Evidence from this research suggests that the failure to recognise this clear relationship between OC and CS, and to a lesser extent OC and IR, can delay or impede IR and CS efforts.

4.4. SYNERGIES BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY

The following are the most prominent themes in the research findings related to the synergies between IR and CS which are presented in the sections that follow: relative maturity of IR and CS; integrated thinking; structure and coordination of CS; CS metrics; and IR assurance and guidelines. A concluding discussion follows the above sections under the title: ‘Discussion of findings on the synergies between IR and CS’, which also references the research findings to the extant literature.

4.4.1. Relative maturity of CS and IR

In relation to the researched companies that embarked on their CS journeys before adopting IR (Companies A1, A2, B1, B2 and C1), the evidence reveals that IR’s contributions to CS strategy are more subtle and restrained. Their CS efforts were to varying degrees already being integrated into their business strategy and practice before the adoption of IR. Most of these researched companies had also been producing a sustainability report (SR) covering aspects of their CS strategies and activities, with the exception of Company C1 which follows a “one-report” approach and therefore does not believe in producing a SR. As a result, IR did not generally require a significant rethink of CS endeavours for these researched companies, but rather introduced a new corporate reporting vehicle for CS and offered them opportunities to enhance CS as discussed in the sections that follow below. Conversely, where IR preceded any serious CS efforts (Company C2), IR was able to instigate a more comprehensive focus on CS. The following quotes reflect the interviewees’ opinions on the influence IR has on CS.

It’s [i.e. IR] not causing us to change our sustainability strategy. (*Company A1, Interviewee 1*)

If we stop reporting on irrelevant stuff, if the focus in terms of what you put into the [integrated] report is relevant and if it actually gets feedback from whoever’s reading the [integrated] report and it’s worthwhile reporting on, that’ll drive it [i.e. IR] backwards [i.e. to improve CS]. (*Company A2, Interviewee 4*)

It’s [i.e. IR] not a hindrance or great advantage on our company-level necessarily, but in shifting the whole industry to be more sustainable. (*Company B1, Interviewee 5*)

I think maybe if it’s a company that hadn’t been focused on sustainability reporting in the past, you’d have a more substantial change. In South Africa we’ve had for so many years such strong drivers of reporting and of sustainability [...] so I don’t think it’s [i.e. IR] had a major impact. (*Company B2, Interviewee 7*)

It [i.e. IR] just helps it [i.e. CS] get more profile. [...]Hand on heart, it's [i.e. IR] not the trigger for it [i.e. CS]. (*Company B2, Interviewee 8*)

4.4.2. Integrated thinking

IR has promoted and stimulated integrated thinking amongst the researched companies, which is characterised by the merging of CS into business strategies and operations so that it becomes indistinguishable from the normal way of thinking about and carrying on business. The evolution of such integrated thinking within the researched companies encompasses the ability to assess the multi-faceted ripple effects of any business decision or action. Such interdependencies are a hallmark of CS, which espouses a balanced consideration of the economic, environmental and social dynamics. CS principles also highlight the sensitivity of any given status quo to internal and external influences, such as changes in strategy, business decisions, operational adjustments and stakeholder relationships. Following on from this, the challenge of integrated thinking is starting to pose some provoking questions to the researched companies, as reflected in the quotes that follow.

As we looked at the sustainability elements [...] even our sustainability team found it difficult to explain [...] certain things. Water consumption has reduced by x%, and we'd [i.e. head office] say: 'Why?', and they'd [i.e. the sustainability team] say: 'Well, we don't know'. How can we not know that? So I think it's [i.e. IR and integrated thinking] thrown up quite a lot of challenges [...], and that's again been one of the benefits [of IR]. [...] They're [i.e. business units] definitely going to become more conscious of how their business is reflected [in IRs] so that's going to be useful because that will help them to maybe look at their own business performance in a more integrated way. (*Company A1, Interviewee 1*)

Some of our targets that we've set didn't focus on impact, it focused on input, and I'm trying to change that right now. [...] Can you link the two [i.e. CS initiatives and impact on the business]? We're battling to link the two. (*Company A2, Interviewee 4*)

It'll take a while for it [i.e. IR] to really help, but it's [i.e. IR] helping getting that [integrated] thinking going. [...] What we've still got to crack is this integrated way of measurement, and the levers. So if this, then the knock-on impact is that, and I think [...] the more you get that integrated thinking, the more you encourage the business to add more metrics [...] and really understand them. (*Company B2, Interviewee 8*)

4.4.3. Structure and coordination of CS

IR can help bring structure to CS, especially evident where it has enabled the researched companies to deepen their understanding of the interdependencies between previously isolated functions in their business, as

discussed in Section 4.4.2 in relation to integrated thinking. IR has encouraged the researched companies to present a coherent position on their approach to CS along with the supporting targets and activities, and to integrate these into a holistic picture of their overall business. This requirement for companies to present their CS strategy supports the notion discussed in Section 4.5.1 that IR can be a trigger for companies without a CS strategy to formulate one (Company C2), but may not substantially influence actual, existing CS strategies that companies have in place (Companies A1, B1, B2 and C2). Nonetheless, formalising, reporting and continuously improving on the synthesis of CS within the business, as called for by IR, has prompted all the companies included in this research to introduce more structure to their CS endeavours.

The thought process that you have to go through in terms of coming up with an integrated report [and] actually defining materiality and [...] that kind of thing [is] bringing more structure. I don't think we're necessarily doing anything differently but it's [i.e. IR] bringing a structure in the way that we're thinking about things. (*Company A1, Interviewee 3*)

The decision by some researched companies, in particular Companies A1 and C1, to frequently report IR and CS information internally during the year, in addition to the annual IR process, does stimulate a more serious demand for coordinating and reporting on all CS activities. CS information is not isolated within a specific business area, but rather exists within all areas of the researched companies. Being in position to regularly report on CS requires sound coordination of CS activities at all times throughout the business. This capability for frequent and comprehensive CS reporting is still being developed by four of the researched companies (Companies A2, B1, B2 and C2).

What is not working effectively [is that the sustainability] metrics should also be discussed on a [more frequent basis]. It does tend to be stand-alone. [...] Would we be in a position to produce the metrics behind the integrated report on a monthly basis? No. Not even on a six-monthly basis. (*Company B2, Interviewee 8*)

4.4.4. CS metrics

The imperative to provide CS metrics in IRs is a further driver for the researched companies to identify and measure pertinent metrics accurately and consistently. Although the researched companies may have paid some attention to benchmark and competitor metrics disclosed in SRs and other corporate reports, IR has heightened the pressure on them to provide meaningful, accurate and comparable metrics. This is especially so because an integrated report is expected to be companies' primary report and also due to the broad adoption of IR by SA listed companies.

Another benefit is around accuracy in data, because [...] in some areas [...] it's [i.e. IR] given us an added reason [...] to measure some metrics that we haven't measured in the past, and it makes sure any information that we do report on has to be accurate because it has to go through the auditing process. (*Company A1, Interviewee 3*)

This year we started making them [i.e. CS KPIs] public in the integrated report and sustainability report; next year we'll make more of them public. (*Company B1, Interviewee 5*)

4.4.5. Standardisation and assurance

As reported in Section 4.1.5 above, the dearth of assurance on IRs amongst most of the researched companies has limited the ability of IR to influence CS. In addition, although there are IR guidelines available, current efforts to introduce and enforce global standards for IR are still in progress and to-date have taken a principle-based approach, leaving room for company-specific interpretations. Insufficient standardisation and assurance has constrained the ability of IR to demand similar levels of attention from all the researched companies to the rigour, auditability and content of IRs. In turn, this hampers comparability of IRs, impedes the benchmarking of performance and potentially reduces pressure on companies who are underperforming in relation to their CS practices. The following quotes highlight concerns related to IR guidelines and assurance respectively (additional quotes on IR assurance are included in Section 4.1.4 above).

We have found in the implementation [i.e. of IR] sometimes you need something that's rules-based. They talk about these lovely principles, and it's: 'We suggest this'. It's all very up in the air, but you're all expected to do it, and we've found that a challenge, that there wasn't any very, very specific guidance. (*Company B1, Interviewee 6*)

There is no actual framework or scorecard or anything that you can actually audit the stuff [i.e. content of an integrated report] against. (*Company C1, Interviewee 9*)

4.4.6. Discussion of findings on the synergies between IR and CS

The evidence from this research reveals that CS had been receiving attention by most of the researched companies prior to the adoption of IR. For these companies, IR has not incited any wholesale revisions to their CS strategies, but rather offers more subtle opportunities to enhance the evolving and maturing process of integrating CS into their businesses. This finding diverges somewhat from the literature promoting IR which can tend to associate IR with more extensive CS successes (Eccles and Krzus, 2010; Eccles and Saltzman, 2011). This research finds more evidence of incremental improvements to certain aspects of CS, these being integrated thinking, structure and coordination of CS, and CS metrics. Conversely, in the one researched company that had yet to seriously tackle CS, IR has shown it can motivate a focus on CS (laonnou and Serafeim, 2011).

Arguably the most far-reaching benefit of IR identified in this research is the advancement of integrated thinking (Krzus, 2011). The research findings show that CS is becoming more of an intrinsic component in all aspects of the researched companies' businesses, rather than a stand-alone discipline. As CS considerations filter into the normal business environment, manifold relationships between CS and other business principles emerge, emphasising the need to both identify such zones of interconnectedness, and to understand and manage them proactively (Epstein and Roy, 2001; Eccles and Krzus, 2010; Epstein et al., 2010; IIRC, 2011). Although integrated thinking is an established imperative of sound CS practice, its formalisation in IR has energised the researched companies to pursue a deeper understanding of this convergence of CS into business practice. They recognise that this can enhance their business intelligence and allow them to make more informed decisions. Success in developing this aptitude has assisted these researched companies to realise improvements to the following components of their businesses, inter alia: products and services (Company A1); competitiveness, branding and reputation (Company B1); operational proficiency (Company B2); and risk management (Company C1). The presence of CS considerations in many aspects of the researched companies' businesses, such as strategy, decision-making, ideology and performance management, underlines that this process is well underway (Eccles and Krzus, 2010).

On a more practical level, the integrated report, as the primary corporate report of many SA listed companies, must be supported by appropriate policies, processes and procedures, as well as good governance (Eccles and Krzus, 2010). Such imperatives are encouraging the researched companies to develop more organised IR processes, and to improve their management of CS, a key component of IR. These improvements to CS have begun to manifest in some researched companies by way of a more structured and formalised approach to managing CS initiatives, data and metrics, along with better coordination and collaboration across their lines-of-business (*ibid.*). Furthermore, more frequent reporting of IR information by some researched companies throughout the year adds to the momentum to expand on these advances. Overall, these developments appear to be able to deliver a more pensive, structured and coordinated CS function.

Following on from this, expanding and improving the measurement and management of CS metrics for IR is a further benefit to CS identified in the research findings (Epstein and Roy, 2001; Eccles and Krzus, 2010). Business units can be allocated accountability for achieving KPIs that are based on such metrics. A feature of the research findings is that advances in the number, sophistication and measurement of CS metrics for IR can raise the profile of CS, as will the resultant demand for additional data required to manage progress against CS KPIs.

Standardising the reporting of CS information in IRs across companies and industries will result in more comparable, consistent reporting, which in turn would heighten companies' focus on their relative performance, especially given that the research findings shows that companies do espouse competitive behaviour in relation to both IR and CS (Eccles and Serafeim, 2011). This would likely hasten the need for third

party assurance on IRs, which would further entrench the gains of this standardisation, add to the credibility and usability of IR and CS information, and intensify efforts to have auditable IR and CS processes and processes. Much progress in the standardisation and assurance of IRs is still necessary to realise the benefits of these identified synergies between IR and CS.

One noteworthy disparity between IR and CS that can be drawn from the research findings is that IR strategy appears to be currently entrenched in shareholder theory, given its focus on an investor audience, while CS strategy has been unshackled from such limited accountability and has evolved to encompass stakeholder or societal theory, evident from the prominence of the synergistic CS strategy amongst the researched companies. This trend could be due to the recent adoption and relative immaturity of IR. Additional research could explore the evolution of IR strategies over time.

Table 14 below summarises the current IR and CS practices amongst the researched companies according to the research themes, these being: strategy and implementation; organisational culture; management systems; and concludes with the synergies between IR and CS.

Table 14: Synergies between IR and CS – research findings

	Strategy and Implementation	Organisational culture	Management Systems
Integrated Reporting	<ul style="list-style-type: none"> - investor community focus - promotes integrated thinking - separate, stand-alone process - other corporate reports still produced - relies on coordinated CS function - limited standardisation and assurance - peer competitiveness exists - transparency important - regulatory compliance is vital - centralised control of IR 	<ul style="list-style-type: none"> - IR capability is not dependent on organisational culture 	<ul style="list-style-type: none"> - data collection is a challenge - links to existing systems for data - limited automation - some dedicated systems in place - measurement of KPIs important for reporting
Corporate Sustainability	<ul style="list-style-type: none"> - synergistic strategy popular where CS is more mature - integrated into business operations - business case for CS remains key - stakeholder consensus enables CS - extensive communication on CS to stakeholders - peer competitiveness exists - transparency important - regulatory compliance where required - decentralised coordination of CS facilitates integration of CS 	<ul style="list-style-type: none"> - CS capability is dependent on culture - CS is included in corporate ideology - buy-in and support by stakeholders important - capability for business transformation aids CS - culture enablers: innovation; decisiveness; flexibility 	<ul style="list-style-type: none"> - integration into existing systems eases implementation - some dedicated CS systems - measure performance against set KPIs
Synergies between IR and CS	<p>Some synergies:</p> <ul style="list-style-type: none"> - overlap of investor audience - importance of integrated thinking - relevant regulatory compliance - peer competitiveness - IR process promotes structure and coordination of CS - standardisation and assurance of IRs can benefit CS 	No notable synergies	<p>Some synergies:</p> <ul style="list-style-type: none"> - use of existing systems - reliant on similar data - measurement of KPIs

4.5. RELATIONSHIP BETWEEN INTEGRATED REPORTING AND CORPORATE SUSTAINABILITY

In order to evaluate the relationship between IR and CS for each of the researched companies, a rating has been assigned to each researched company's IR and CS performance, presented in Table 15 below. Firstly, the *IR rating* is based on each researched company's rating as per the EY 2012 survey. Researched companies with a survey rating of 'top 10', 'excellent' or 'good' (see Section 3.2) have been assigned a 'superior' *IR rating*, while those with a survey rating of 'progress to be made' have been assigned an 'inferior' *IR rating*.

Secondly, the *CS rating* is based on the CS strategy that each researched company's interviewees selected during the research interviews (Table 11 in Section 4.2.1): a 'stronger' *CS rating* is assigned to companies whose interviewee(s) selected the synergistic strategy (CS strategy 3); a 'weaker' *CS rating* is assigned to companies whose interviewee(s) selected either the profit-driven strategy (CS strategy 2), or the compliance driven strategy (CS strategy 1). These CS strategies that each researched company's interviewee(s) selected are also included in Table 15 below for ease of reference. The justification for using each researched company's selected CS strategy as a proxy for a *CS rating* is based on the principle that their respective strategic aspirations towards CS, as reflected by their selected CS strategies, is consistent with the research findings (presented in the previous Sections 4.1, 4.2, 4.3 and 4.4) that reflects substantive progress towards such CS strategies. This is further evidenced by each researched company's corresponding position in the frameworks for management systems (Table 12 in Section 4.2.2) and organisational culture (Table 13 in Section 4.3.1), as presented and discussed in relation to Table 17 below, which shows that each researched company's CS strategy reasonably aligns with their OC strategy as well as their management systems capability to implement CS strategy.

Table 15: IR and CS ratings – researched companies

Legend of colour coding: **green = superior IR / stronger CS**; **red = inferior IR / weaker CS**

	IR rating in EY 2012 survey	CS rating based on selected CS strategy	Corporate sustainability strategy
Industry A	Basic materials		
Company A1	Inferior IR	Stronger CS	Synergistic Strategy 3
Company A2	Superior IR	Weaker CS	Profit-driven Strategy 2
Industry B	Consumer services		
Company B1	Inferior IR	Stronger CS	Synergistic Strategy 3
Company B2	Superior IR	Stronger CS	Synergistic Strategy 3
Industry C	Consumer services		
Company C1	Inferior IR	Stronger CS	Synergistic Strategy 3
Company C2	Superior IR	Weaker CS	Compliance-driven Strategy1

Having determined the *IR and CS ratings* as presented in Table 15, Table 16 populates the matrix that represents the four possible relationships between IR and CS (Table 4 in Section 2.5) by allocating each researched company to one of the four relationships based on their above *IR and CS ratings*.

The colour coding in Table 16 reflects the notion that CS success is preferable to IR success: green indicates a superior relationship; blue indicates an adequate relationship; and red indicates an inferior relationship. This follows the principle discussed in Section 2.5 that IR represents the *form* of CS, while CS represents the *substance* of CS. Accordingly, success in CS is considered more desirable to success in IR, albeit that there is recognised value in achieving success in either.

Table 16: Relationships between IR and CS – researched companies

Legend of colour coding: **green = superior**; **blue = adequate**; **red = inferior**

	Superior integrated report	Inferior integrated report
Stronger sustainability	Relationship A Number of companies: 1 Company B2	Relationship B Number of companies: 3 Company A1, B1 and C1
Weaker sustainability	Relationship C Number of companies: 2 Company A2 and C2	Relationship D Number of companies: 0 -

Only Company B2 shows signs of succeeding in both IR and CS (*relationship A*). Companies A1, B1 and C1, who were recognised by the EY 2012 survey as having an inferior integrated report, all show signs of success in their CS efforts (*relationship B*). Companies A2 and C2 were successful in their IRs, but fared poorly in terms of their CS efforts (*relationship C*).

Based on the above, successfully producing a sound IR is not an inevitable indication of CS success. *Relationships B and C* represent a decoupling of IR from CS (as reported by Marquis and Toffel, 2011; and Crilly et al., 2012). Firstly, the presence of a majority of the researched companies in *relationship B* could change over time as these companies become more familiar with IR, and invest in and improve their IR efforts, thus overcoming the challenges to producing superior IRs. Alternatively, given that the researched companies exhibiting *relationship B* have achieved success in CS, it could indicate the some of these companies have contrasting aspirations in relation to IR and CS, possibly based on a varied rationale. As an example, Company A1 cited regulatory reporting requirements, requiring the inclusion in their annual report of information that is deemed excessive for the purposes of IR, as one reason for their IRs being less favourably ranked in the EY surveys.

Secondly, *relationship C* shows that producing a good integrated report provides no corresponding indication of CS success. This is not to say that these companies have deliberately applied a form of *attention deflection* (Marquis and Toffel, 2011) or *evasive decoupling* (Crilly et al., 2012), otherwise referred to as *greenwashing*, where companies deliberately promote complimentary information in favour of more disparaging features. Although the existence of some form of greenwashing does remain possible, the main idea is that IRs are intended to provide information on companies, as opposed to giving any impression of CS success. As such, companies which succeed in providing understandable, comprehensive, holistic and connected information on their businesses in their IRs, and have been transparent in dealing with all material issues, are not necessarily sustainable, and may not have achieved significant success in integrating CS into their businesses. This point was confirmed by one of the EY survey adjudicators in a workshop hosted by EY.

An alternative scenario is that Companies A2 and C2 included in *relationship C* both manifested low consensus amongst internal stakeholders on CS strategy and implementation (Section 4.2.1). This could reflect symptoms of *emergent decoupling*, as described in Section 2.5, where incongruence and dissension amongst companies' managers and stakeholders can impede the implementation of strategy (Crilly et al., 2012).

Another interesting possibility is that the researched companies that have not yet succeeded in integrating CS, for any number of reasons, may be more likely to invest effort in producing sound IRs as a counterbalance to their underdeveloped CS endeavours. With reference to the extant literature, which identifies various forms of decoupling between IR and CS, this could represent a novel basis for disparity between *IR success* and *CS success*. The basis for this proposition is that *IR success* coupled with an absence of *CS success* does not necessarily represent any of the forms of *decoupling* described in Section 3.3: *symbolic compliance*, described in Section 3.3 as a corporate practice that occurs when "organizations seek to gain legitimacy amongst stakeholders by merely appearing to adopt institutionalized practices without actually implementing substantive changes" (Marquis and Toffel, 2011: p. 17), which manifests in various forms and incorporates what Crilly et al. (2012) term as *evasive decoupling*; and *emergent decoupling*, as discussed in the preceding paragraph. Rather, it is posited here that companies have the opportunity to impress stakeholders with a sound IR despite them having made only marginal progress in CS. Of course any form of *symbolic compliance* may still be present depending on the existence of ulterior motives by companies, such as where companies' IRs misrepresent reality or selectively disclose more flattering information, although such symptoms not be present, and if present, they may be difficult to discern.

Table 17 adds to the information already presented in Tables 15 and 16 by also including each researched company's position as per the frameworks for organisational culture and management systems, which have already been presented and discussed in Sections 4.3.1 and 4.2.2 respectively.

Table 17: Ratings by research theme – researched companies (grouped by industry)

Legend of colour coding: **green = superior**; **blue = adequate**; **red = inferior**

	IR rating in EY 2012 survey	IR – CS relationship	CS efforts based on selected CS strategy	Corporate sustainability strategy	Organisational culture strategy	Management system level
Industry A	Basic materials					
Company A1	Inferior IR	B	Stronger CS	Synergistic Strategy 3	Rational goal Strategy 2	Continuous improvement Step 3
Company A2	Superior IR	C	Weaker CS	Profit-driven Strategy 2	Rational goal Strategy 2	Doing the right things Step 1
Industry B	Consumer services					
Company B1	Inferior IR	B	Stronger CS	Synergistic Strategy 3	Human relations Strategy 3	Continuous improvement Step 3
Company B2	Superior IR	A	Stronger CS	Synergistic Strategy 3	Human relations Strategy 3	Continuous improvement Step 3
Industry C	Consumer services					
Company C1	Inferior IR	B	Stronger CS	Synergistic Strategy 3	Human relations Strategy 3	Doing things right Step 2
Company C2	Superior IR	C	Weaker CS	Compliance-driven Strategy 1	Internal process Strategy 1	Doing the right things Step 1

Table 17 above reflects the following trends related to IR and CS: Companies A1, B1, B2 and C1, that have all been classified as having 'Stronger CS' according to their selected CS strategy, also tend to rate 'average' to 'high' on the other aspects of CS (organisational culture and management systems). Conversely, Companies A2 and C2, that have been classified as having 'Weaker CS' based on their selected CS strategy also tend to rate 'low' to 'average' on the other aspects of CS (organisational culture and management systems). This could show that selecting a CS strategy that reflects aspirations to succeed in CS manifests practically in the researched companies' OC and management systems. An alternative interpretation is that those researched companies that have an OC that is compatible with CS, and have sound capability in developing CS management systems, are well positioned to integrate CS. This alignment of the selected CS strategy with OC

and management systems also provides support for the use of the selected CS strategy as a proxy for the CS rating included in Tables 15 and 16 above, as already stated above.

Furthermore, the companies in Industry B, which is primarily focused on consumer goods, were the most focused on CS and both companies have been investing in CS initiatives for some time. Industries A and C, operating in the basic materials and consumer services industries respectively, each had mixed results, with one company from each industry having a mature CS approach and the other company from each industry not. One possible reason for this could be information asymmetry, where external parties have limited understanding of the internal workings of companies. Industry B appears to have the most easy-to-understand business model, where stakeholders are able to make more informed demands, and where CS has the ability to be effective in enhancing brand and reputational competitiveness. Industry A has the most significant information asymmetry, due to the complex operational make-up of this industry, and although stakeholder demands are still a priority, these are generally focused on the visible and understandable aspects of companies' behaviour. Industry C, which has a primary focus on consumer services, may be the least exposed to stakeholder pressure due to some level of information asymmetry, and due to reduced stakeholder attention on service companies which may be considered to have fewer environmental and social impacts. The above discussion brings to bear the principle that each industry and each company operate in a particular and different context, face different challenges, and prioritise accordingly. Additional research with more data from a broader sample could explore the unique environments within which companies in different industries operate.

Table 18, an alternative version of Table 17, is provided below, which includes the same information as Table 17 but instead of grouping the researched companies by industry, they are grouped by their IR ratings as per the EY 2012 survey.

Table 18: Ratings by research theme – researched companies (grouped by IR rating)

Legend of colour coding: **green = superior**; **blue = adequate**; **red = inferior**

	IR rating in EY 2012 survey	IR – CS relationship	CS efforts based on selected CS strategy	Corporate sustainability strategy	Organisational culture strategy	Management system level
Companies with inferior IRs						
Company A1	Inferior IR	B	Stronger CS	Synergistic Strategy 3	Rational goal Strategy 2	Continuous improvement Step 3
Company B1	Inferior IR	B	Stronger CS	Synergistic Strategy 3	Human relations Strategy 3	Continuous improvement Step 3
Company C1	Inferior IR	B	Stronger CS	Synergistic Strategy 3	Human relations Strategy 3	Doing things right Step 2
Companies with superior IRs						
Company A2	Superior IR	C	Weaker CS	Profit-driven Strategy 2	Rational goal Strategy 2	Doing the right things Step 1
Company B2	Superior IR	A	Stronger CS	Synergistic Strategy 3	Human relations Strategy 3	Continuous improvement Step 3
Company C2	Superior IR	C	Weaker CS	Compliance-driven Strategy 1	Internal process Strategy 1	Doing the right things Step 1

Table 18 visually underlines the trend that all of the researched companies that have produced an inferior integrated report have mostly performed well in terms of their CS efforts (Companies A1, B1 and C1), while two of the three researched companies that have produced a superior integrated report have not achieved similar success in their CS efforts (Companies A2 and C2). Only Company B2 appears to have succeeded in both IR and CS. This finding has already been discussed above in relation to the four possible relationships between IR and CS (see Table 16 above).

The following are some final considerations that could be useful to users of IRs. Given the brevity and summarised content of IRs, and the potential for selective or incomparable disclosures, users of IRs need to be cognisant of the current limitations of IR, as well as the above-mentioned possibilities of disparities between IR

and CS performance. Furthermore, until there is comprehensive third party assurance on IRs, there is always a risk that IRs may omit or misrepresent certain information, or provide metrics that are inaccurate, misleading or are calculated on a company-specific basis impeding comparability. As such, in order to evaluate companies and their CS achievements, it is important to look at the companies' other corporate reports and sources of information to bolster a fuller understanding of such companies' practice. Such steps could be augmented by a broad review of IRs and other reports of other selected companies within the same industry, across industries and even in various countries. This expanded source of information, along with sound critical analyses of the quantitative and qualitative content of IRs, can help to identify information that may have been omitted or misrepresented from IRs, thus mitigating the above shortcomings in IR and CS. Future research could provide a better understanding of the underlying reasons for this contrast between IR and CS success.

5. CONCLUSION

JSE regulations in South Africa are serving to broaden the adoption of IR amongst JSE listed companies, providing a basis to evaluate IR as a new form of corporate reporting. This wholesale adoption of IR has stimulated some competitive energy as companies strive to produce superior IRs, and reveals the early stages of IR corporate practice, such as central coordination of IR by any one of a number of business functions with overall responsibilities for specific deliverables allocated to relevant business functions; focus on the investor community; more frequent internal reporting and distribution of IR information as part of the regular management reporting cycle; automation of the data collection and reporting processes; expanding the use of IT systems to capture relevant data at source; integration of existing reporting and data management systems to similar IR systems; and linking performance management and incentives to IR metrics to align operational targets with IR. However, the process of producing a superior integrated report is mostly independent from the rest of the researched companies' businesses, save senior management, and aims to primarily satisfy the investment community. As IR matures, further opportunities to enhance the standing of IR could include encouraging or mandating assurance to improve credibility; offering additional reporting guidelines to enable comparability; crafting and publicising criteria in surveys that rate IRs to promote desirable IR features; advancing regulatory or legal accountability for material omissions or misrepresentations; broadening the target audience; stakeholder training and awareness initiatives to promote the value of IR; and improved reporting on social and ecological capitals and related economic externalities.

Although CS is not new, it endures as a contested corporate practice, with some unconvinced of its place in the business arena. Nonetheless, its status amongst companies continues to evolve, reflected in the prominence of mature CS strategies selected by the researched companies, which look to further the integration of CS into all parts of their businesses, and to address a wider stakeholder audience. Allied to this, current CS corporate practice is characterised by centralised teams coordinating rather than unilaterally directing CS; infusing CS into business operations and associated performance management mechanisms; promoting transparency and governance to enhance the credibility of CS practice; the pursuit of stakeholder consensus and leadership for CS; normalising integrated thinking in strategy, planning and decision-making; embedding CS considerations into existing systems; automation of CS management systems to support operational processes and to capture CS data at source; and regularly communicating CS information especially using existing channels. With CS having been around for some time, further gains to CS are primarily centred on expanding and improving established practice, accompanied by the age-old business imperatives of innovation and sound implementation.

OC represents the capability of companies to accommodate any particular course of action, given that OC influences behaviour and forms a key part of the underlying mechanisms that can lead to companies'

employees' supporting strategy. With IR relatively divorced from the researched companies' mainstream business, CS is the dominant beneficiary of an accommodating OC. Recognition by the researched companies of the interplay between OC and their CS strategies is signalled by various OC interventions, including companies' efforts to blend CS into their OC by means of communication strategies and sincere engagement with employees on CS; inclusion of CS in corporate ideology, such as companies' values; embedding CS into performance management systems; and embracing flexibility and adaptability as valuable corporate traits. By aligning OC with CS aspirations, companies are better placed to enjoy a smoother transition towards achieving their CS ambitions.

Notwithstanding evidence of IR being able to raise the profile of CS in the researched companies that have yet to seriously tackle CS, the lofty notion that IR will energise CS may be overstated. In response to contemporary pressures most of the researched companies are already engaging with CS, and for them IR has yielded more subtle influences, such as promoting integrated thinking, as required for producing sound IRs which can, over time, produce a most beneficial impact on approaches to CS; raising attention to CS metrics, which are under heightened scrutiny given their inclusion in IRs, which are the researched companies' primary corporate report; improved structure and coordination of CS to generate improved and timely CS information for IRs; and a focus on monitoring CS performance, which will be augmented by further standardisation.

Some other ideas emerging from this research, which all offer further research opportunities, include exploring the relationship between CS and financial success, and in particular investigating if one precedes the other; whether there is any link between CS efforts on the one hand, and information asymmetry and the related exposure of companies to different stakeholders on the other hand; and whether IR may provide companies with an alternative to seriously tackling CS by focusing on achieving IR success, and the degree to which this choice is temporary or more long-standing;

To conclude, IR and CS have clearly taken up their position as core competencies within the South African researched companies. They may even offer a competitive advantage to companies that succeed in them by meeting or exceeding expectations of stakeholders, including investors, customers and regulators; enhancing companies' reputational standing as a responsive corporate citizen; and by improving internal processes and systems to manage environmental and social resources and impacts proactively. It would be premature to herald the growing prominence of IR and CS as a sign that the researched companies have joined the sustainability revolution; much debate endures on the relevance, sincerity and efficacy of these new demands on businesses. Furthermore, succeeding in either IR or CS requires insight in selecting appropriate strategies, and the oft elusive expertise to effectively implement such strategies. As with all elements of corporate practice, the attraction for companies to weave their various underlying competencies together to create the synergy and homogeneity that companies thrive off is equally applicable to IR and CS practice. Although this marrying of IR and CS success is desirable, this research shows that success in one does not necessarily lead to,

or indicate, success in the other. This is especially so where IR and CS are approached as independent functions. Regardless of how companies approach IR and CS, any growth in transparency (as promoted by IR) and accountability (as advocated by CS) by companies for their behaviour, signifying an increased acceptance of responsibility for their externalities, will contribute to a more balanced and sustainable world. The verdict is still pending on how meaningful and significant these corporate attributes and contributions turn out to be, and the role IR and CS can play in encouraging favourable outcomes.

APPENDIX A: SEMI-STRUCTURED INTERVIEW SCHEDULE

The semi-structured interview schedule of questions included in the tables below was used as a guide in each interview.

Section A: Corporate Sustainability	
A1	Describe the company policy on, and strategy for, sustainability.
A2	What have been the most significant benefits in integrating sustainability and why?
A3	What have been the most significant challenges in integrating sustainability?
A4	To what extent does sustainability get raised in discussions / planning on strategy and business matters?
A5	Describe any dedicated sustainability initiatives and mechanisms that have been launched: <ul style="list-style-type: none"> - for example: sustainability products, markets and business models; formal mechanisms that require sustainability to be considered
A6	Describe the management systems used to execute CS strategy, including: <ul style="list-style-type: none"> - design; implementation; involvement of operational personnel <p>To what extent, and how, have operational systems been modified to include CS considerations?</p>
A7	Explain to what degree future growth prospects are reliant on sustainability?
A8	Describe how the integration of sustainability is monitored throughout the organisation: <ul style="list-style-type: none"> - for instance using sustainability targets / indicators
A9	Describe to what degree, and how, external consultants have been involved in sustainability efforts.
A10	Is there consensus regarding sustainability strategy and implementation amongst stakeholders? <ul style="list-style-type: none"> - for example, among management, shareholders, other external stakeholders

Section B: Integrated Reporting	
B1	Describe the company policy on, and strategy for, IR.
B2	What have been the most significant benefits in adopting IR and why?
B3	What have been the most significant challenges in adopting IR and why?
B4	How is responsibility allocated for the end-to-end integrated reporting process? <ul style="list-style-type: none"> - business owner, functional / operational activity, basis for what to include and exclude
B5	How is information gathered for inclusion in the integrated reports? <ul style="list-style-type: none"> - centralised, dedicated personnel, year-end process only, involvement of business personal

Section B: Integrated Reporting (continued)	
B6	Describe the management systems used to execute IR strategy. <ul style="list-style-type: none"> - design, implementation, involvement of operational personnel, <p>To what extent, and how, have operational systems been modified to include IR considerations?</p>
B7	Describe to what extent the integrated reporting process links into sustainability processes for target setting, information gathering and reporting.
B8	What assurance processes are in place to ensure the integrity of the information included in IRs?
B9	Describe to what degree external consultants have been involved in implementing IR processes and systems.
B10	Is there consensus regarding IR strategy and implementation amongst stakeholders? <ul style="list-style-type: none"> - management, shareholders, other external stakeholders
B11	Describe whether, and how, the integrated reporting process has influenced the prominence, understanding and effectiveness of sustainability in the company.

Section C: Organisational Culture	
C1	Are CS and IR generally understood by employees / management within the business? <ul style="list-style-type: none"> - dedicated, focused training / awareness, mechanisms / forums in place for personnel to query and engage with CS and IR
C2	Describe any dedicated interventions to incorporate sustainability and integrated reporting into the corporate culture?
C3	Explain if, and why, there have been noticeable changes in the attitudes of employees towards sustainability and integrated reporting over time?
C4	Describe how the company has fared in recent business transformation initiatives.
C5	How would the organisational culture be best described? <p>To what extent do the following criteria describe the company's culture?</p> <ul style="list-style-type: none"> - Refer to Baumgartner criteria: introverted, extroverted, conservative, visionary

Section D: Other	
D1	To what degree are stakeholders informed about the company's internal issues and operations, and is this representative of the sector within which the company operates?
D2	What types of sustainability queries are being raised by stakeholders?
D3	To what extent, and how, has the IR process enabled CS integration?

REFERENCES

- Abeysekera, I. (2013), 'A template for integrated reporting, *Journal of Intellectual Capital*, **14** (2), 227–245.
- Adams, C. A. and P. McNicholas (2007), 'Making a difference: Sustainability reporting, accountability and organisational change', *Accounting, Auditing & Accountability Journal*, **20** (3), 382-402.
- Aras, G. and D. Crowther (2008), 'Corporate sustainability reporting: a study in disingenuity?', *Journal of Business Ethics*, **87**, 278-288.
- Banerjee, S. B. (2008), 'Corporate Social Responsibility: The Good, the Bad and the Ugly', *Critical Sociology*, **34** (1), 51–79.
- Baumgartner, R.J. (2009), 'Organizational culture and leadership: preconditions for the development of a sustainable corporation', *Sustainable Development*, **17**, 102–113.
- Bebbington, J., C. Higgins and B. Frame (2009), 'Initiating sustainable development reporting: evidence from New Zealand', *Accounting, Auditing & Accountability Journal*, **22** (4), 588- 625.
- Bhimani, A. (2003), 'A study of the emergence of management accounting system ethos and its influence on perceived system success', *Accounting, Organizations and Society*, **28**, 523-48.
- Blowfield, M. and J. G. Frynas (2005), 'Setting new agendas: critical perspectives on Corporate Social Responsibility in the developing world', *International Affairs*, **81** (3), 499–513.
- Chenhall, R. (2003), 'Management control systems design within its organizational context: findings from contingency-based research and directions for the future', *Accounting, Organizations and Society*, **28**, 127-168.
- Churet C. and R. G. Eccles (2014), 'Integrated Reporting, Quality of Management, and Financial Performance', *Journal of Applied Corporate Finance*, **26** (1), 8–16.
- Crilly, D., M. Zollo and M.T. Hansen (2012), 'Faking it or muddling through? Understanding decoupling in response to stakeholder pressures', *Academy of Management Journal*, **55** (6), 1429–1448.
- Crane, A., G. Palazzo, L. J. Spence and D. Matten (2013), 'Contesting the Value of "Creating Shared Value"', *California Management Review*, **56** (2), 130–153.

Crittenden, V.L., W. F. Crittenden, L. K. Ferrell, O. C. Ferrell and C. C. Pinney (2010), 'Voluntary non-financial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting', *Journal of the Academy of Marketing Science*, **39**, 71–85.

Dhaliwal, D., O.Z. Li, A. Tsang, and Y.G. Yang (2010), 'Voluntary non-financial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting', *The Accounting Review*, **86** (1), 59-100.

Eccles, R.G., I. Ioannou and G. Serafeim, (2012a), 'The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance', *National Bureau of Economic Research Working Paper Series*, Working Paper 17950.

Eccles, R.G. and M. P. Krzus (2010), 'Integrated reporting for a sustainable strategy', *Financial Executive*, March, 29-32.

Eccles, R.G., M. P. Krzus and G. Serafeim (2011), 'Market Interest in Nonfinancial Information', *Harvard Business School Working Paper*, No. 12-018.

Eccles, R.G., M. P. Krzus and L. A. Watson (2012c), 'Integrated reporting requires integrated assurance', *Effective Auditing for Corporates: Key Developments in Practice and Procedures*, 161-178.

Eccles, R.G., K.M. Perkins and G. Serafeim (2012b), 'How to Become a Sustainable Company', *MIT Sloan Management Review*, **53** (4), 43-50.

Eccles, R.G. and D. Saltzman (2011), 'Achieving Sustainability Through Integrated Reporting', *Stanford Social Innovation Review*, Summer, 56-61.

Eccles, R.G. and G. Serafeim (2011), 'Accelerating the Adoption of Integrated Reporting' in de Leo, F. and M. Vollbracht (eds), *CSR Index 2011*, INNOVATIO Publishing Ltd, pp. 70-92.

Elkington, J. (1998), 'Partnerships from Cannibals with forks: The triple bottom line of 21st-century business', *Environmental Quality Management*, Autumn, 37-51.

Eisenhardt, K. M., (1989), 'Building theories from case study research', *The Academy of Management Review*, **14** (4), 532-550.

Epstein, M.J., A.R. Buhovac, and K. Yuthas, (2010), 'Implementing Sustainability: The Role of Leadership and Organisational Culture', *Strategic Finance*, April, 41-47.

Epstein, M.J. and M. Roy (2001), 'Sustainability in Action: Identifying and Measuring the Key Performance Drivers', *Long Range Planning*, **34**, 585-604.

Ernst & Young (EY) (2012) *Ernst & Young's Excellence in Integrated Reporting Awards 2012, A survey of the integrated reports from South Africa's top 100 companies and top 10 state-owned entities*.

Frías-Aceituno, J. V., L. Rodríguez-Ariza and I. M. García-Sánchez (2013), 'Is integrated reporting determined by a country's legal system? An exploratory study', *Journal of Cleaner Production*, **44**, 45-55.

Global Reporting Institute (GRI) (2012), *G4 Development First Public Comment Period, 26 August – 24 November 2011 Full Survey Report*.

Global Reporting Institute (GRI) (2011), *G4 Development Process Overview*.

Global Reporting Institute (GRI) (n.d.), *What is GRI?*, [Online] Available from: <<https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx>>, [Accessed 11 April 2013].

Giddings, B., B. Hopwood and G. O'Brien (2002), 'Environment, Economy and Society: Fitting them Together into Sustainable Development', *Sustainable Development*, **10**, 187-196.

Ioannou, I. and G. Serafeim (2011), 'The Consequences of Mandatory Corporate Sustainability Reporting', *Harvard Business School Working Paper*, 11-100.

International Integrated Reporting Council (IIRC, a) (n.d.), *Board*, [Online] Available from: <<http://www.theiirc.org/the-iirc/structure-of-the-iirc/the-iirc-board/>>, [Accessed 11 April 2013].

International Integrated Reporting Council (IIRC, b) (n.d.), *Framework Development*, [Online] Available from: <<http://www.theiirc.org/resources-2/framework-development/>>, [Accessed 11 April 2013].

International Integrated Reporting Council (IIRC, c) (n.d.), *The IIRC*, [Online] Available from: <<http://www.theiirc.org/the-iirc/>>, [Accessed 11 April 2013].

International Integrated Reporting Council (IIRC, d) (n.d.), *IR Framework*, [Online] Available from: <<http://www.theiirc.org/international-ir-framework/>>, [Accessed 18 June 2014].

Integrated Reporting Committee of South Africa (IRC) (2011), *Framework for integrated reporting and the integrated report*, discussion paper.

International Integrated Reporting Council (IIRC) (2012), *Prototype Framework, Prototype of the International IR Framework*.

International Integrated Reporting Council (IIRC) (2011), *Towards integrated reporting, Communicating Value in the 21st Century*, discussion paper.

Institute of Directors in Southern Africa (IODSA) (2009), *King Report of Governance for South Africa 2009*.

Krzus, M.P. (2011), 'Integrated reporting: if not now, when?', *IRZ*, **6**, 271–276.

Linnenluecke, M. K. and A. Griffiths (2010), 'Corporate sustainability and organizational culture', *Journal of World Business*, **45**, 357-366.

Mammatt, J. (2009), 'Integrated sustainability reporting and assurance', in proceedings *CIS Corporate Governance Conference*, Johannesburg, 10 – 11 September.

Marquis, C. and M. W. Toffel (2011), 'The Globalization of Corporate Environmental Disclosure: Accountability or Greenwashing?', *Harvard Business School Working Paper*, No. 11-115.

Marsden, C. (2000), 'The New Corporate Citizenship of Big Business - Part of the Solution to Sustainability', *Business and Society Review*, **105** (1), 9-25.

Massie, R.K. (2010), 'Accounting and Accountability: Integrated Reporting and the Purpose of the Firm' in Eccles, R.G., B. Cheng and D. Saltzman (eds), *The Landscape of integrated reporting: reflections and next steps*, Massachusetts, pp. 76-80.

Mebratu, D. (1998), 'Sustainability and Sustainable Development: Historical and Conceptual Review', *Environmental Impact Assessment Review*, **18**, 493-520.

Morsing, M. and D. Oswald (2009), 'Sustainable leadership: management control systems and organizational culture in Novo Nordisk A/S', *Corporate Governance*, **9** (1), 83-99.

- Nguyen, D. K. and S. F. Slater (2010), 'Hitting the sustainability sweet spot: Having it all', *The Journal of Business Strategy*, **31** (3), 5–11.
- Porter, M. E. and M. R. Kramer (2006), 'Strategy & society: The link between competitive advantage and corporate social responsibility', *Harvard Business Review*, **84** (12), 78–92.
- Porter, M. E. and M. R. Kramer (2011), 'Creating Shared Value', *Harvard Business Review*, January-February, 1–17.
- Roberts, J. (2003), 'The Manufacture of Corporate Social Responsibility: Constructing Corporate Sensibility', *Organization*, **10** (2), 249–265.
- Rochlin, S. and B. Grant (2010), 'Integrating integrated reporting' in Eccles, R.G., B. Cheng and D. Saltzman (eds), *The Landscape of integrated reporting: reflections and next steps*, Massachusetts, pp. 76–80.
- Rondinelli, D. A. and M. A. Berry (2000), 'Environmental citizenship in multinational corporations: Social responsibility and sustainable development', *European Management Journal*, **18** (1), 70–84.
- Schein, E.H. (1997), *Organizational Culture and Leadership*, San Francisco, California: Jossey Bass.
- Sherman, W. R. (2012), 'The Triple Bottom Line: The Reporting Of "Doing Well" & "Doing Good"', *The Journal of Applied Business Research*, **28** (4), 673–682.
- Solomon, J. and W. Maroun (2012), 'Integrated reporting: the influence of King III on social, ethical and environmental reporting', Association of Chartered Certified Accountants (ACCA), London: ACCA.
- South African Institute of Chartered Accountants (SAICA) (2010), *Sustainable development and the law – what's the verdict?*, [Online] Available from: <<https://www.saica.co.za/tabid/695/itemid/2095/language/en-US/Sustainable-development-and-the-law--whats-the-v.aspx>>, [Accessed 11 April 2013].
- Sustainability South Africa (SustainabilitySA) (n.d.), *The IRC and IRCWG*, [Online] Available from: <<http://www.sustainabilitysa.org/IntegratedReporting/TheIRCandIRCWG.aspx>>, [Accessed 11 April 2013].
- Utting, P. (2005), 'Corporate responsibility and the movement of business', *Development in Practice*, **14** (3&4), 375–388.

van Marrewijk, M. (2003), 'Concepts and definitions of CSR and corporate sustainability, between agency and communion', *Journal of Business Ethics*, **44** (2-3), 95-105.

Wilson, A. M. (2001), 'Understanding organisational culture and the implications for corporate marketing', *European Journal of Marketing*, **35** (3-4), 353-367.

World Commission on Environment and Development (WCED) (1987), *Our Common Future*, Oxford: Oxford University Press.

Zwetsloot, G.I.J.M. (2003), 'From management systems to corporate social responsibility', *Journal of Business Ethics*, **44** (2-3), 201-207.